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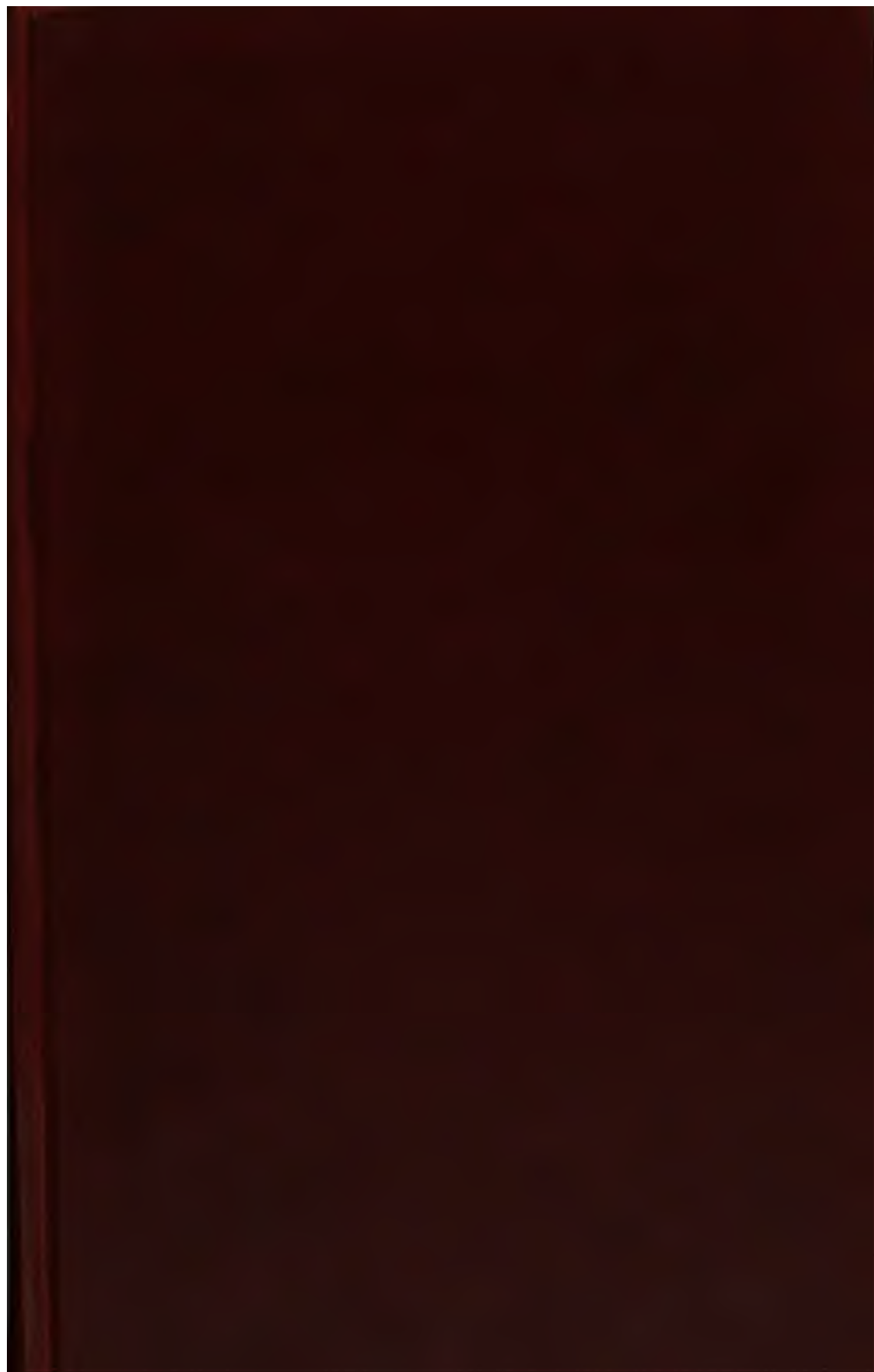
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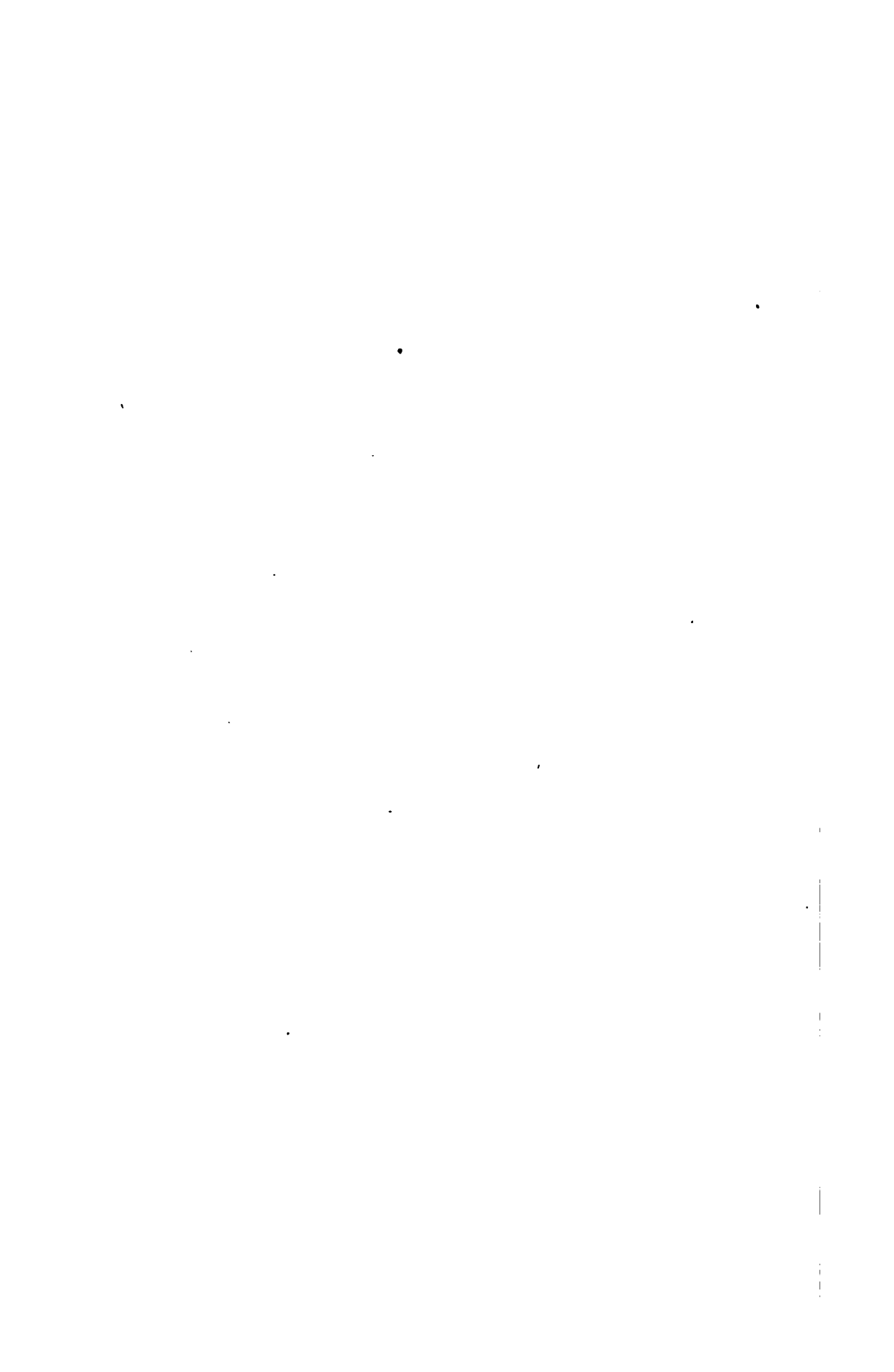


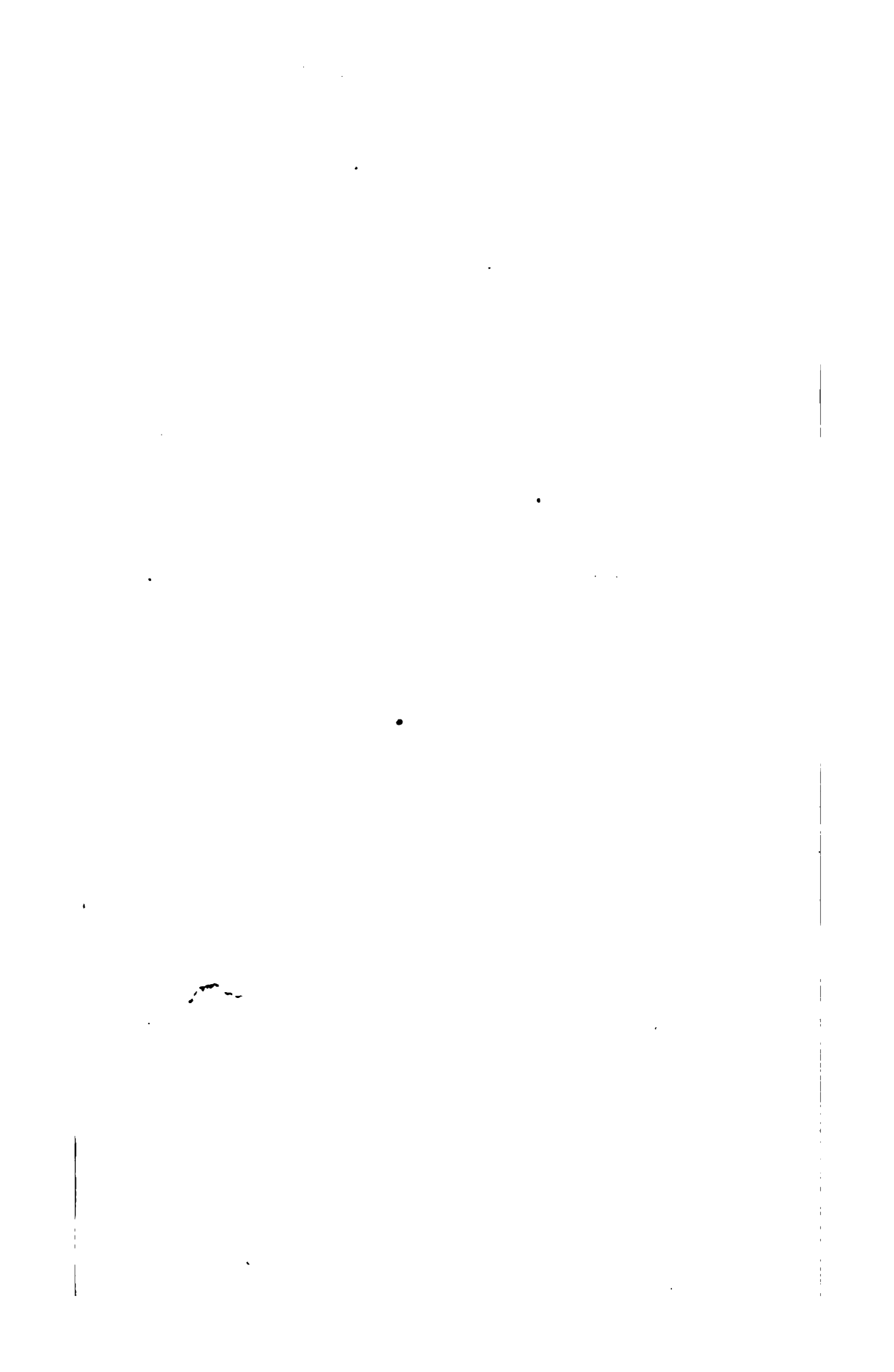
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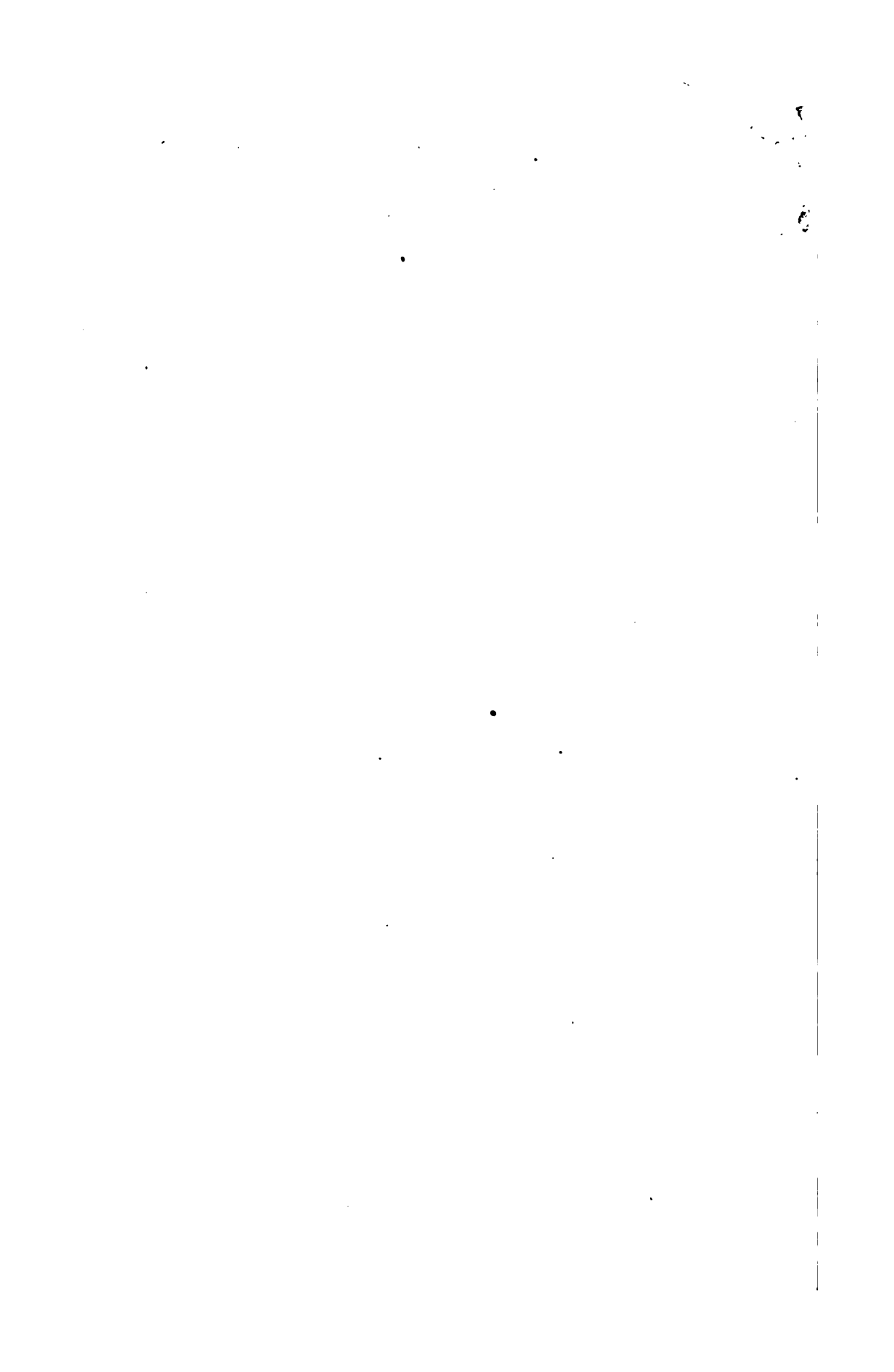
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1921a









# **SECOND DEFICIENCY APPROPRIATION BILL, 1921**

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## **HEARING**

**BEFORE**

## **SUBCOMMITTEE OF HOUSE COMMITTEE ON APPROPRIATIONS**

**CONSISTING OF**

**Messrs. JAMES W. GOOD (CHAIRMAN), JOSEPH G. CANNON,  
C. BASCOM SLEMP, JOSEPH W. BYRNS,  
AND JAMES P. BUCHANAN**

**IN CHARGE OF THE**

**SECOND DEFICIENCY APPROPRIATION BILL FOR 1921**

---

**SIXTY-SEVENTH CONGRESS**

**FIRST SESSION**



**WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1921**



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1921a.

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES.

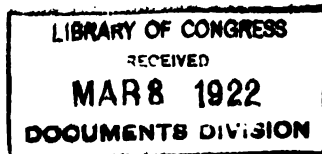
SIXTY-SEVENTH CONGRESS, FIRST SESSION.

JAMES W. GOOD, Iowa, *Chairman*.

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MARTIN B. MADDEN, Illinois.  
DANIEL R. ANTHONY, Jr., Kansas.  
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ANTHONY J. GRIFFIN, New York.

MARCELLUS C. SHEILD, *Clerk*.



20. 2/17/22

## SECOND DEFICIENCY APPROPRIATION BILL, 1921.

HEARINGS CONDUCTED BY THE SUBCOMMITTEE, MESSRS. JAMES W. GOOD (CHAIRMAN), JOSEPH G. CANNON, C. BASCOM SLEMP, JOSEPH W. BYRNS, AND JAMES P. BUCHANAN, OF THE COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES IN CHARGE OF THE SECOND DEFICIENCY APPROPRIATION BILL FOR 1921, ON THE DAYS FOLLOWING, NAMELY:

FRIDAY, APRIL 29, 1921.

### LIBRARY OF CONGRESS.

#### STATEMENT OF MR. HERBERT PUTNAM, LIBRARIAN.

##### DISTRIBUTION OF CARD INDEXES.

The CHAIRMAN. Doctor, for "Distribution of card indexes," you are asking \$2,700?

Mr. PUTNAM. Yes, sir. We had to ask for an identical amount last year. We hoped to get through this year without a deficiency, but the business has held up and as to receipts even increased, and we have absolutely exhausted the lump sum appropriation for that work; that is, for salaries of less than \$1,000. We had in the lump sum for that part of the work last year \$22,200, including the deficiency appropriation, and the appropriation for this year was only \$21,000, \$1,200 less than we had last year. We ask for \$2,700, which means that it will be \$1,500 net more than we had last year; that is all.

The CHAIRMAN. But you had the appropriation of \$50,900?

Mr. PUTNAM. That is not all lump sum. A part of that is for the statutory salaries. The lump sum part of it is \$21,000.

The CHAIRMAN. \$21,000?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. That is expended solely for the card indexes?

Mr. PUTNAM. For the lower salaries in the card section, the salaries of less than \$1,000. A part of the card force is statutory and the salaries are carried on the statutory roll. Of the \$50,900 but \$21,000 is applied to salaries of the low grade employees at less than \$1,000.

The CHAIRMAN. Is any of this used for the purchase of cards?

Mr. PUTNAM. No.

The CHAIRMAN. It is all for personal services?

Mr. PUTNAM. It is all for personal services; yes, sir. It means that we are obliged to ask for \$1,500 more this year than we had last year, including the deficiency. The sales this year will reach over \$90,000 as against \$77,000 last year. That does not mean that we have sold more cards in proportion, because we raised the price last summer 28 per cent.

The CHAIRMAN. Have you increased the price commensurate with the increased cost of paper and services?

Mr. PUTNAM. We increased the price 28 per cent last July. That increase represents only a small fraction of a cent on each card, but in volume it is considerable. We supposed that the libraries would curtail their orders, but they have not; the orders are keeping up. The increase has not been fully commensurate with the high price of material during the war or with the increase in services, including the bonus. It does not satisfy me. But we can not put on a very large increase at any one time.

The CHAIRMAN. For what purpose is the other \$28,900?

Mr. PUTNAM. That is for the graded salaries, for those salaries specified in the bill—the statutory salaries.

The CHAIRMAN. All salaries?

Mr. PUTNAM. Yes, sir. Of course, there are various other elements, as you know, chargeable to the cards sold, including the stock and press work. Last year, as you may recall, I put in a balance sheet for five years, showing, regarding this purely as a business, how it would stand, debit and credit, profit and loss, to the Government. Of course that showed that each year we are making an initial outlay a part of which will be returned to us only by later sales of cards put into stock. About 50 per cent of the orders are for cards currently issued; the rest are for cards issued in the past.

The CHAIRMAN. Is any of this deficiency occasioned by an increase of salaries over the amount paid last year?

Mr. PUTNAM. No, sir; this is for additional service which we need.

The CHAIRMAN. Altogether?

Mr. PUTNAM. Absolutely.

The CHAIRMAN. What is the character of the service that the low-grade employees perform?

Mr. PUTNAM. All the way down to the messenger boys who go to the stock and pull out the cards, then, for the minor-grade employees who are arranging cards and some of those who are identifying the orders—the cards in stock have their serial numbers—with the orders as received, which are very apt to be by author and title. It includes all that low-grade service.

The CHAIRMAN. Last year your sales amounted to \$77,000?

Mr. PUTNAM. The receipts.

The CHAIRMAN. And this year?

Mr. PUTNAM. About \$90,000.

The CHAIRMAN. The receipts from the sales of the cards?

Mr. PUTNAM. I am speaking simply of that.

The CHAIRMAN. Have you increased the price of the cards during the past year?

Mr. PUTNAM. Last July we advanced the price 28 per cent.

The CHAIRMAN. So that increase did not apply to the \$77,000?

Mr. PUTNAM. No, sir.

The CHAIRMAN. You increased the price 28 per cent?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. That increase would amount to about \$21,500 on last year's business and if added to the \$77,000 would make \$98,000 instead of \$90,000?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. So it would appear that last year's force did more business, handled more cards?

Mr. PUTNAM. I thought that would strike you and I was going on to that. As a matter of fact, they did not handle more cards. There were somewhat more cards sold this year, actually sent out, but the increase has not been in proportion to the receipts. The 28 per cent does not, however, apply to every type of order. It applies only to certain types of orders and varies with others. Some of the orders come by the checking of the proof slips that are sent out to libraries, giving titles. Such are easy to handle. The charges on them have not been increase to the full 28 per cent. When on the other hand an order requires searching we can justify a greater increase. There are a certain number of orders that come by subject, for instance, for cards on botany or American history. The labor has been increased somewhat this year by reason of the fact that we have had to catch up the indexes to the stock that had fallen into arrears last year. The only way we were able to get through last year was by deferring some of the work on the indexes which has had to be taken up this year.

The CHAIRMAN. How about the distribution of the fund of \$28,000 for higher grade employees; are those statutory positions?

Mr. PUTNAM. Entirely.

The CHAIRMAN. All of them?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. That leaves you about \$21,000 of a lump sum for the low grades?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. PUTNAM. We have nothing left of the \$21,000.

The CHAIRMAN. Nothing at all?

Mr. PUTNAM. Absolutely. We did not have when we put in this estimate; it is all exhausted. We can only carry through in case we get the \$2,700.

WASHINGTON, April 30, 1921.

DEAR MR. CHAIRMAN: It appears that the increase in price on our cards, though determined and declared on July 1 last, did not take effect until November 1. There was thus a third of this year to which it did not apply. Deducting for that third, the increase in receipts for this year over last on the basis of an equivalent of cards sold would be about \$14,000. Adding this to the receipts of last year, those for this year should be about \$91,000. They will, in fact, prove about \$92,000.

As regards merely the number of cards sold, the business has not exceeded that of last year.

The deficiency, however, is due, not to an increase in the number of cards sold, but to several particular administrative expenses exceeding those of last year. Among them these:

1. The need of bringing up certain of the index apparatus, in arrears from last year.
2. Additional labor in handling the stock while partially scattered during installation of new steel cases.
3. Extra labor in moving about 70,000 trays, upon completion of the new cases.
4. An unusual amount of illness in the force.

The above elements combined would readily account for the \$1,500 additional required over the amount actually appropriated last year.

Faithfully, yours,

HERBERT PUTNAM, Librarian.

Hon. JAMES W. GOOD,

Chairman Subcommittee on the Deficiency Bill,

House of Representatives.

FRIDAY, APRIL 29, 1921.

BOTANIC GARDEN.

STATEMENT OF MR. GEORGE W. HESS, DIRECTOR, UNITED STATES BOTANIC GARDEN.

PASSENGER-CARRYING VEHICLE.

The CHAIRMAN. Mr. Hess, you are asking for an amendment to the legislative, executive, and judicial act for the fiscal year ending June 30, 1922, reading as follows:

*Provided*, That the Secretary of War is authorized and directed to deliver to the Botanic Garden without payment therefor one 3-ton truck and one passenger-carrying motor-propelled vehicle.

What was the provision carried in the legislative bill with regard to motor-propelled vehicles?

Mr. HESS. The provision carried in the legislative bill, Mr. Chairman, authorized the War Department to turn over to the Botanic Garden without payment therefor one 3-ton truck and one 1-ton truck. We have the 3-ton truck now and can get along very nicely with it. We have no passenger vehicle of any kind at present, and therefore I am asking that this change be made.

The CHAIRMAN. What did you propose to use the 1-ton truck for?

Mr. HESS. We proposed to use the 1-ton truck for light delivery purposes, but we have a Ford machine that we use for that purpose. It was originally a Dayton body with no cover on it to protect the plants. I had a cover made for it last fall and since then have used it for that purpose. This leaves us without a passenger-carrying vehicle.

The CHAIRMAN. Did you ask before for a passenger-carrying vehicle, or just for two trucks?

Mr. HESS. I simply asked for two trucks, but you can readily see the necessity for a passenger-carrying vehicle in connection with the Botanic Garden. I am called away on matters connected with the garden many times during the day and have to depend on street cars, which causes a great loss of time.

The CHAIRMAN. Do you propose now to do the work with your passenger-carrying vehicle that you would have done with a 1-ton truck?

Mr. HESS. Yes, sir.

The CHAIRMAN. Can you secure a passenger-carrying vehicle from the War Department?

Mr. HESS. I understand that I can.

The CHAIRMAN. And they have a 3-ton truck they are ready to turn over to you?

Mr. HESS. I have that truck now and we are using it every day.

The CHAIRMAN. And you did not get the 1-ton truck?

Mr. HESS. No, sir.

The CHAIRMAN. And you are certain that the work you would do with a 1-ton truck you can do just as well with a passenger-carrying vehicle, or will you ask next year for a 1-ton truck also?

Mr. HESS. No, sir; I will not. This Ford machine, which we have had for four or five years, was originally a Dayton body. At that time we had no delivery wagon, so I had a top made for that machine, and we now use it for a light delivery wagon.

The CHAIRMAN. And you are going to keep that machine?

Mr. HESS. Yes, sir.

Mr. BUCHANAN. And that takes the place of a 1-ton truck?

Mr. HESS. Yes, sir. It was my intention to turn the 1-ton truck into a delivery wagon when I got it, but I find I can not do that, because it is not built so that it can be turned into a delivery wagon.

The CHAIRMAN. You have money enough for next year to run your automobiles and trucks?

Mr. HESS. Yes, sir.

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FRIDAY, APRIL 29, 1921.

## BUREAU OF EFFICIENCY.

### STATEMENT OF MR. HERBERT D. BROWN, CHIEF.

#### RECLASSIFICATION OF GOVERNMENT POSITIONS AND SALARIES.

The CHAIRMAN. Mr. Brown, you are asking for a deficiency of \$10,000 for the remainder of this fiscal year?

Mr. BROWN. Yes, sir.

The CHAIRMAN. You had an appropriation of \$125,000 and have had a deficiency of \$10,000, making \$135,000 for this year. What is the condition of your balance?

Mr. BROWN. Mr. Chairman, we will require \$10,000 more to complete the work which we have in hand, all of which is required by law, and if we are given the additional \$10,000 which we have asked for our total appropriation for this year will be approximately the same as our appropriation last year.

The principal work for which we desire the money is, first, to finish our reclassification of salaries of employees, including the allocation of about 75,000 places to determine what the cost of the plan will be; second, to complete the collection and compilation of information for the Joint Congressional Committee on Reorganization of the Executive Departments; and, third, to complete our investigation of the statistical work of the Government which was provided for by a provision carried in an appropriation bill about a year ago.

The CHAIRMAN. Are you doing work now for the Joint Committee on Reorganization?

Mr. BROWN. Yes, sir; we are.

The CHAIRMAN. What is the nature of the work you are doing?

Mr. BROWN. First, we are preparing a brief description of the work of each unit of the Government. Second, we are getting up what might be called, for the want of a better term, a conspectus of the Government service. This is a set of graphic charts showing, first, each department and each unit under each department; and, second, the organization of each bureau under each department. There will be about 240 of these charts. Third, we are preparing a monograph

on each department, showing in the greatest detail its history, function, organization, personnel, and the relation of each office to every other office in the Government. That is a big undertaking and will be the most complete survey of the work of the Government that has ever been made, so far as I know now. I believe these reports will relieve the Joint Committee on Reorganization of practically all research work.

The CHAIRMAN. When will that reorganization work be completed?

Mr. BROWN. The brief descriptive report is finished. The monographs are, perhaps, 25 per cent completed, and the other reports about the same. It takes a tremendous amount of labor to get the facts. It is a very difficult undertaking. The report on the statistics of the Government is almost ready to send to the printer. It is very complete.

The CHAIRMAN. Take the work which you are doing at the request of the members of the joint committee, when will that work be completed?

Mr. BROWN. Along about in the middle of the summer.

The CHAIRMAN. What is it going to cost?

Mr. BROWN. That is very difficult to state. I can tell you how much we have spent and make an estimate. We have spent so far on reorganization work about \$16,000. I expect that it will cost about \$16,000 more to finish it.

The CHAIRMAN. Take the work which you are doing for the reclassification of Government positions and salaries, how much have you been doing on that?

Mr. BROWN. Shall I go back to the beginning?

The CHAIRMAN. Yes; I think you better.

Mr. BROWN. We have spent \$33,950 on that work up to date. The work, since we took it up at the request of the House Committee on Appropriations and the Senate Committee on Appropriations, has consisted in, first, developing a simple, workable plan that would not divorce authority from responsibility in the executive departments. We have drafted a bill, we have made a schedule of salaries, and we have applied that schedule to about 50,000 employees in the executive departments. We still have, therefore, about 25,000 or 30,000 more places to allocate.

The CHAIRMAN. You are still working on that at the present time?

Mr. BROWN. We are working on that, but as the work goes on it becomes more rapid, because of the greater skill on the part of the classifiers in making allocations.

I should like to say this with reference to our allocation work. So far as I know, every administrative officer whose employees have been allocated under our plan has been pleased with the result. Our method has been to ask the executive departments to give us, through their supervisory officers, a job specification for the work of each employee, and then our appraisers apply the classification to the job. After that has been done for an office, we ask the supervisory officers to review the work. The work has been done by cooperation and, so far as I know, there has been no dissatisfaction with the results.

The CHAIRMAN. When will you complete that work?

Mr. BROWN. That work will be completed in a few weeks.

The CHAIRMAN. How much will the cost of that investigation be?

Mr. BROWN. To date that work has cost \$33,950, and I suppose it will cost \$5,000 or \$6,000 more—we have 16 people working on it. It may cost a little more than that. The work will run a little beyond the 1st of July.

Mr. BYRNS. I thought your work of reclassification was nearly completed?

Mr. BROWN. It is.

Mr. BYRNS. I assumed that possibly some of the pending bills were based on information you had been able to secure?

Mr. BROWN. They were, Mr. Byrns. The work was finished three or four months ago from the point of view of the other people who have done that kind of work, but we do not feel that merely preparing a bill and making a schedule constitutes the whole job by any means. The big job is to allocate the places under the schedule. That is what has taken from 75 to 80 per cent of our time. That is something nobody else has attempted to do. None of the other plans will carry any estimate of their cost that can be depended upon, so far as I know.

Mr. BYRNS. That is necessary in order to determine the cost if the bill is passed and goes into operation?

Mr. BROWN. I think it is only fair to Congress that it should have that information. We do not feel that you should be asked to buy a pig in a sack.

The CHAIRMAN. Did you investigate the field service as well?

Mr. BROWN. We have not done that yet, Mr. Chairman.

The CHAIRMAN. Do your figures include completing the field service also?

Mr. BROWN. No, sir.

The CHAIRMAN. The figures which you have given do not include any field service?

Mr. BROWN. Nothing has been done on the field service.

The CHAIRMAN. Have you made any estimate of what an investigation of the field service would cost?

Mr. BROWN. No, sir.

The CHAIRMAN. How about the salaries paid by your bureau, Mr. Brown?

Mr. BROWN. I have not a schedule of the salaries. That was included in the legislative hearings.

The CHAIRMAN. A full statement of the salaries?

Mr. BROWN. Yes, sir.

The CHAIRMAN. Have you increased the salaries since that time?

Mr. BROWN. Only a few. Occasionally we have to give somebody a little bit more money, but we "stall" that off as much as we can.

The CHAIRMAN. Are you paying any large salaries to the persons who are doing this work of reclassification?

Mr. BROWN. No.

The CHAIRMAN. What is the highest salary?

Mr. BROWN. The highest salary is \$4,500. One man gets \$4,500. Three get \$4,000 apiece.

The CHAIRMAN. What is the state of your balance at the present time?

Mr. BROWN. We had a balance on April 21 of \$18,013.88. The deficiency we are asking for would give us a total of \$28,013.88. The



estimated salaries for the balance of the year are \$26,500 and that would leave a balance of \$1,500 for contingent expenses, etc.

The CHAIRMAN. Does this estimate include any increase of personnel or in the salaries of the existing personnel?

Mr. BROWN. No, sir.

The CHAIRMAN. Just to carry the present force?

Mr. BROWN. Yes, sir; without any increase at all. The figures that I have just quoted are slightly different from the ones carried in the letter requesting the additional money, because we had an opportunity to employ one additional man who was especially well qualified for the work and we took him on temporarily. Then, too, the figures I have given you to-day are two weeks later than the figures in my letter to the Secretary of the Treasury, which accompanied our estimate.

The CHAIRMAN. Suppose this organization, when it is completed, and they expect to complete it within the next few days, should decide not to use your force, then you will not need this money at all, will you?

Mr. BROWN. But then they would have to go out and hire other people to do the work.

The CHAIRMAN. I understand that. Having once started an organization on the work it would seem the natural thing to have the organization complete it, but if they do not do that, then you do not need this money.

Mr. BROWN. No; I would not say that. You are speaking of the reorganization work?

The CHAIRMAN. I am speaking of the reorganization work by the joint committee.

Mr. BROWN. No; that would not be true, because a considerable portion of the money is needed on reclassification.

The CHAIRMAN. You stated that you expected to complete the work of the joint committee by the middle of summer. That would be around the middle of July. It is going to take \$16,000?

Mr. BROWN. Yes, sir.

The CHAIRMAN. You are only asking for \$10,000?

Mr. BROWN. I did not mean the 1st of July. I meant about the middle of the summer.

The CHAIRMAN. The 1st of August is about the middle of the summer.

Mr. BROWN. Of course, if the joint committee should decide to throw over all the work we have done, they have a right to do that, but I should not think they would do it.

The CHAIRMAN. Are you creating a big organization? I notice that it is growing somewhat. Are you creating a big organization so that if you do not have enough work on hand you will just keep your organization in order to be able to do the work if it should come your way?

Mr. BROWN. Our organization has not increased any. We have the same amount of money that we had last year.

The CHAIRMAN. I am talking about 1915, when we were normal. In 1916 you had \$30,000.

Mr. BROWN. We have had much more than that since then.

The CHAIRMAN. In 1919 you took on some work because of the war, and then some of these other activities were taken on.

Mr. BROWN. We are only doing work that is required of us by law.

The CHAIRMAN. Yes; I presume that work of the Joint Committee on Reorganization is not required by law.

Mr. BROWN. Yes, sir; it is required of us by law. The law says that we shall investigate the methods of transacting the public business.

Mr. BYRNS. This deficiency asked for is not for increases in salaries, but it is to pay an increased personnel due to extra work?

Mr. BROWN. Perhaps we might put it a little more accurately if we said that it is to continue the personnel we have had for several years. During the war our appropriations ran up to \$145,000 a year. We have kept the same personnel.

Mr. BYRNS. It has resulted in an increase of the personnel, has it not, because you did not have last year the same personnel, or the amount that was allowed you this year?

Mr. BROWN. I think we did. I think we have had the same amount.

Mr. BYRNS. If you get this \$10,000, you will have had more?

The CHAIRMAN. You had \$145,000.

Mr. BROWN. It would be the same amount that we asked for this year. It is not an increase. We are merely asking for enough money to keep our establishment where it has been for a long time.

The CHAIRMAN. What is your monthly rate of expenditure?

Mr. BROWN. I will have to get that. I can give it to you roughly.

The CHAIRMAN. Well, let us have it roughly.

Mr. BROWN. Roughly, it is between \$11,000 and \$12,000 a month.

The CHAIRMAN. You will need, then, about \$7,000.

Mr. BROWN. No, sir; we need \$10,000.

The CHAIRMAN. You have two months to run and you have \$18,000 on hand. You say your monthly rate of expenditures is about \$12,000.

Mr. BROWN. There are a number of outstanding bills that must be taken into consideration. Ten thousand dollars is not a cent more than we ought to have.

The CHAIRMAN. You said a moment ago that you wanted \$135,000.

Mr. BROWN. No, sir.

The CHAIRMAN. You said that your expenditures were on the basis of \$135,000.

Mr. BROWN. We really ought to put on more people. We have been asked by the House and Senate Committees on Appropriations to press our reclassification work to completion as rapidly as possible. We really ought to put on more people to do that, but we are trying to finish the job with our present force.

FRIDAY, APRIL 29, 1921.

## CIVIL SERVICE COMMISSION.

STATEMENT OF MR. MARTIN A. MORRISON, PRESIDENT,  
CIVIL SERVICE COMMISSION.

## TRAVELING EXPENSES.

The CHAIRMAN. You are asking for a deficiency of \$5,000 for the remainder of this year for traveling expenses.

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You had an appropriation of \$20,000 for this purpose. What is the condition of your balance?

Mr. MORRISON. We started with \$20,000, and we have expended \$17,252.85. We have set apart as a sort of paper transaction in the office for rural carrier examinations, for postmasters of the third and fourth class offices, and for clerk-carrier examinations the same amount that we spent for May and June of last year, or \$2,142.49. Now, taking away what we have actually expended and what we have set apart, leaves us an unappropriated or unassigned balance of \$604.66.

The CHAIRMAN. After making your allotment for traveling expenses for rural carrier examinations for the rest of the year?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. That is the biggest part of your work involving traveling expenses, is it not?

Mr. MORRISON. Yes and no. There is another situation that is practically in a growing condition, and that is the presidential postmaster examinations. Perhaps I had better state the small things first, and then take up the presidential postmaster examinations. This \$604 will be in part taken up with the little items that we can not foresee. It may be a very small part, but nobody can tell as to that. Now and then a situation arises when we must incur liabilities for room rent, janitor service, etc. It does not often happen, but, at the same time, if it does happen, it will have to be taken out of the \$600. Whatever that expense is, it will be a part of this \$600. We hope that it will be a very small portion, but it does not take much to consume this small balance. That is a mere possibility, but if it comes about, it will eat up some of that money. We are now holding back on what we call the oral test for inspectors and agents under the antinarcotic act. There we hold examinations, and before one is appointed the chief of our investigation division and the chief in charge of that act over in the Treasury hold what they call an oral test. That involves going to cities and notifying the people to appear. We are holding them as few times as we can to meet the current needs of the department.

The same thing is true of the special intelligence unit of the Internal-Revenue Bureau. We may be able to hold that expense low until the end of the year, but complaints have come from those who have taken the examination because they want the oral test finished up. However, we have felt justified in holding it down to the last notch. There is another thing that enters into the situation. Our district

secretaries are supposed to visit labor boards and other boards at ordnance plants and naval establishments, and also to supply the needs of the men engaged in river and harbor improvement work. The number of such visits has been reduced until complaints are coming to us. One very definite complaint came the other day. The Chief of Engineers was in the office and said that he was satisfied with everything except the lapse of time. He wants the men to come at shorter intervals, because the best men are picked up at short intervals, and if the visits are far apart, the men he desires most will have gotten away from him. Now, those are the items that enter into this. We have been holding back on those things, because \$600 is practically no working balance. We may be able to get through by pursuing that policy until the end of the year, but the advisability of pursuing that policy is, at least, a doubtful question.

Another proposition is that of the presidential postmasters. We have announced 65 examinations. The applications have been filled, and we have not made the investigations. I think the committee understands how that is done. A man is assigned by us, usually the district secretary who is nearest, and a man is assigned by the Post Office Department, usually the chief inspector or a man named by him, and they make the investigations. Those 65 have not been made, and we have requests for 106 presidential postmaster examinations that we have not announced.

Mr. BYRNS. Are you proceeding with those examinations at this time?

Mr. MORRISON. No, sir; we have not done any of that for quite a while. We stopped that when the money was about to run out.

Mr. BYRNS. I understood that the Administration had not definitely announced its policy with reference to presidential postmasters.

Mr. MORRISON. No, sir. The order stands, and, of course, we have no right to presume that the order will not stand. However, we do read the Congressional Record, and it became manifest months ago that persons who were nominated were not confirmed. We said to this committee and to the Senate committee, perhaps more definitely to the Senate committee, that we would not incur a deficit without coming to the committee. We have reached the point where it is manifest that in order to go on we will have to create a deficit.

The CHAIRMAN. That is, to go on with these examinations for presidential postmasters?

Mr. MORRISON. Yes, sir. If we did that we would create a deficit. Now, then, that would be to create a deficit in holding examinations on nominations that might never be used. I recognized that, and I talked with some members of the committee about it, and I talked with members of the Senate committee. I said to them that we would go to the limit in staying within our appropriation.

The CHAIRMAN. When did you stop the work of sending out traveling representatives with regard to first-class post offices?

Mr. MORRISON. In January or February of this year.

The CHAIRMAN. You have carried on the work for about half of the year?

Mr. MORRISON. Yes, sir. The present administration has said nothing, and we are not entitled to know until the public knows,

If between now and July they shall desire us to take action, we will not be in a position to take any action unless we have the money.

The CHAIRMAN. But your action, of course, would only be for the remainder of this fiscal year?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. How much do you figure it will cost per month for traveling expenses in connection with those offices?

Mr. MORRISON. We can not figure that very well by the month, but it will cost in the neighborhood of \$30 per post office. If this order should be so modified that it would apply to all post offices that would be an entirely new situation to present, because examination is now held only when there is not a reappointment of the existing postmaster. Therefore, we simply can not make a forecast of what would be the necessary expense.

The CHAIRMAN. What were the monthly expenditures for this purpose last year, say, for the months of July, August, September, October, November, and December, and for January of this year?

Mr. MORRISON. About \$500 per month.

The CHAIRMAN. Then, if you do not need to take up this activity until the President indicates his desire to have you do so, you will not need much, if any, appropriation for the rest of this fiscal year.

Mr. MORRISON. If we take any action during this fiscal year we will have to have whatever it costs.

The CHAIRMAN. But it will not cost more than \$1,000, if it does not cost more than \$500 per month, because there are only two months left of this fiscal year.

Mr. MORRISON. I think it will cost more for this reason: We have now 171 that have accumulated.

The CHAIRMAN. But you can not examine them all in two months.

Mr. MORRISON. No, sir; we could not.

The CHAIRMAN. Besides, the Post Office Department would not have the inspectors. They must be hand picked, I suppose.

Mr. MORRISON. Yes, sir; they want to send the best men. The expense for a time would be greater, because we would have this work thrown upon us at once. As it was before, we were to meet the current needs, which would only be in cases where the incumbent was not being reappointed. Now, if the policy should be changed, it would be an entirely different question. This would not take care of that situation, and if that were to happen, we would have to come back to the committee. It may be that we will not be told anything about it for a month. If not, we will have then only five or six weeks to run before the end of the year. It is a matter of uncertainty, and we do not want to be in a position to have a demand made upon us that we can not meet without having been frank with this committee and the Senate committee.

The CHAIRMAN. You will have enough funds for traveling expenses for the rest of this year, without an additional appropriation, if you do not take on this additional work of examining first and second class postmasters?

Mr. MORRISON. Yes, sir; we may get through, but it will be by continuing our policy of denying the district secretaries the visitations to those labor boards I mentioned and other labor employment boards, and by postponing the completion of the examinations under the antinarcotic act and for the Internal-Revenue Service, or for

what is known as the special intelligence unit. By pursuing our present policy we can just about cross the line. However, inasmuch as complaints are coming to us, we do not want to pursue that policy on our own judgment. Of course, that would leave nothing to cover any unforeseen or unusual emergencies.

The CHAIRMAN. How much do you figure that the service with regard to the antinarcotic act and for the Internal-Revenue Bureau would cost per month?

Mr. MORRISON. For the rest of the year, this oral test, as we call it, would run about \$200 or \$300. They go to the cities and let the people come to them. I would not know how to make an estimate of the expense of having our district secretaries make those visitations.

Mr. BUCHANAN. Two or three hundred dollars would be applied to the Revenue Service?

Mr. MORRISON. To the Internal-Revenue Service and the anti-narcotic act service.

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SATURDAY, APRIL 30, 1921.

DISTRICT OF COLUMBIA.

**STATEMENTS OF MR. CUNO H. RUDOLPH, MR. JAMES F. OYSTER, COMMISSIONERS, AND COL. CHARLES W. KUTZ, ENGINEER COMMISSIONER, DISTRICT OF COLUMBIA; MR. DANIEL J. DONOVAN, AUDITOR; MR. GEORGE S. WILSON, SECRETARY, BOARD OF CHARITIES; MR. A. L. SINCLAIR, MEMBER OF THE RENT COMMISSION.**

FOR PAYMENT TO J. THILMAN HENDRICK.

The CHAIRMAN. You are asking that the deficiency bill carry the following language:

The accounting officers of the District of Columbia are authorized to pay J. Thilman Hendrick the salary of a commissioner of the District of Columbia for the period from September 17, 1920, to March 4, 1921, inclusive, notwithstanding the provisions of section 1761 of the Revised Statutes of the United States.

Mr. Hendrick was not confirmed as commissioner?

Mr. DONOVAN. No, sir; he was not.

The CHAIRMAN. And he served during this time?

Mr. DONOVAN. Yes, sir; between September 17, 1920, and March 4, 1921, and there is due him \$2,333.33.

The CHAIRMAN. Has he been reappointed?

Mr. DONOVAN. No, sir.

The CHAIRMAN. Has anyone been appointed in his place?

Mr. DONOVAN. Yes, sir; Mr. Rudolph and Capt. Oyster are the new commissioners.

The CHAIRMAN. Of course, you understand this would be subject to a point of order if carried in this bill, because there is no authority of law for it.

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. But he served as commissioner and devoted all of his time to the office from September 17, 1920, to March 4, 1921.

Mr. DONOVAN. Yes, sir.

#### EMPLOYEES' COMPENSATION FUND.

The CHAIRMAN. You are asking for an appropriation of \$600 for the District of Columbia employees' compensation fund. You have an appropriation this year of \$7,000 with the deficiency; what is the state of your balances?

Mr. DONOVAN. Our balance at this time, Mr. Chairman, is \$832.93. We have actual charges against this balance of \$750.80.

The CHAIRMAN. Which leaves you less than \$100.

Mr. DONOVAN. Which leaves us less than \$100 and we need the additional \$600 to carry us through until June 30 next. Of course, you understand the compensation payments include expenses of doctors and hospitals, etc., and the amounts are all fixed by the United States Employees' Compensation Commission.

The CHAIRMAN. They administer this fund?

Mr. DONOVAN. Yes, sir; we merely disburse it.

The CHAIRMAN. And you disburse it on vouchers or orders from the Compensation Commission?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. How does it happen that this expense is increasing so.

Mr. DONOVAN. The greater number of accidents is the only way I can account for it. At the present time our monthly pay roll amounts to about \$650.

The CHAIRMAN. Suppose a District employee is permanently injured, the compensation goes on then during the life of the person who has been permanently injured?

Mr. DONOVAN. That is right.

The CHAIRMAN. So it is cumulative, in a way, also.

Mr. DONOVAN. Yes, sir. For instance, at the present time we have two widows who are drawing \$35 a month each and they will continue to draw the \$35 as long as they remain unmarried. Their husbands were killed or died as the result of injuries received while in the service of the District.

The CHAIRMAN. Have you a statement there giving the number of persons who are beneficiaries of this fund?

Mr. DONOVAN. I have not by names; no, sir.

The CHAIRMAN. Have you a classification showing the number who receive the maximum compensation?

Mr. DONOVAN. No; all I brought along, Mr. Good, was a statement of the expenditures we have made by months since last July.

The CHAIRMAN. I wish you would put in the record a classification giving the number of persons that receive compensation at varying rates, as provided by law, and where they are permanently injured have the classification show that.

Mr. DONOVAN. Yes, sir.

(Statement showing names and amounts paid to persons receiving compensation:)

Widow of Charles Rae will draw \$35 per month until married or dead.....	\$35. 00
Widow of William Hall will draw \$35 per month until married or dead.....	35. 00

Two minor children of William Hall, one 16 and the other 14, will receive \$10 each per month until 18 years old.....	\$20.00
Twelve injured employees, disability and duration of disability undetermined:	
Wm. Leimbach, Alexander Diggs, Thomas Ray, Mary M. Wilkins, four at \$53.53 per month.....	214.12
Charles Edwards, John Thomas Fuller, James Patrich, Edward Pratt, four at \$66.67 per month.....	266.68
Christopher Speed, Thomas Moore, Stephen Piedmont, three at \$66.67 per month (these men will return to work on or about the 16th day of May).....	200.01
James B. Wright, \$30 (return to work the 1st of June).....	30.00
Present pay-roll charges.....	800.81

Balance on hand \$592, to carry to the 1st of July and to pay the above injured employees.

The CHAIRMAN. If you have spent approximately \$7,000 for 10 months of the year, how do you propose to get along with \$600 for the remaining two months?

Mr. DONOVAN. The \$750, Mr. Chairman, which I mentioned a moment ago represents certain fixed charges until the end of the year. I do not mean to say they are charges that are due and payable just at this time. For instance, we have two widows drawing \$35 a month each for April, May, and June, which will amount to \$210, and two minor children drawing \$10 a month, and for the next three months that would be \$60; and, in addition to this, eight injured employees, four of whom will receive an average of \$55.33 for the month of March and the other four \$66.67 for the month of March, making a total of about \$480. That gives us \$750 of definite, fixed charges that we know of at this time against balance we have of \$832. We are asking for the difference to take care of any injuries or claims which may be certified to us by the Compensation Commission between now and June 30.

The CHAIRMAN. Then this \$750 of obligations are the obligations or compensation to the end of the year?

Mr. DONOVAN. That is right; yes, sir.

The CHAIRMAN. That takes care of all of your known liabilities until the end of the year, and the \$600 is to take care of such contingencies as may arise between now and June 30?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. What has been the monthly increase in the demands on this fund?

Mr. DONOVAN. I can give you the expenditures by months which will supply that information: July, 1920, \$1,592.41; August, \$518.50; September, \$441.17; October, \$476.01; November, \$99.01; December, \$750.92; January, \$570.53; February, \$250.22; and March, \$953.98.

The CHAIRMAN. The expense must be much less now because you are only figuring on \$750 for two months, which would mean \$375 a month.

Mr. DONOVAN. The items I mentioned a moment ago are the known, fixed compensations, and only amount to \$750 between now and June 30.

The CHAIRMAN. None of this appropriation is spent for rent or for supplies or anything of that sort?

Mr. DONOVAN. No, sir; only compensation and physicians' services and hospital expenses.



Mr. BUCHANAN. In reference to this first item relating to the salary of the commissioner, was not one of these commissioners expected to serve free under the other act?

Mr. DONOVAN. Were they supposed to?

Mr. BUCHANAN. Was any one of them supposed to serve without compensation?

Mr. DONOVAN. No, sir; except the engineer commissioner, and we have authority in the appropriation act where the engineer commissioner's salary may be less than \$5,000 to make good the difference between his salary as an Army officer and \$5,000 as a commissioner.

Mr. BUCHANAN. There was some statement in the papers at the time of these appointments that Mr. Hendrick had asked the lady to take the job to which a salary was attached.

Mr. DONOVAN. That was a matter between Miss Boardman and Mr. Hendrick. There was one position where the salary could not be paid and in the other position it could be paid, because the vacancy in the first position happened during a recess of the Senate. The two were appointed about the same time, and the question was who took the job without the salary.

Mr. BYRNS. And Mr. Hendrick gallantly stood aside and let the lady take the salary.

Mr. DONOVAN. Yes.

#### RENT COMMISSION.

#### SALARIES AND EXPENSES.

The CHAIRMAN. You are asking \$15,000 as an additional amount for salaries and expenses of the rent commission.

Mr. DONOVAN. Mr. Chairman, Capt. Oyster was chairman of the rent commission until his appointment as commissioner, and he might like to make a statement regarding this item.

The CHAIRMAN. We will be glad to hear you, Captain.

Mr. OYSTER. Since the first appropriation was made, we have made up our estimates from month to month, and when I was transferred from that position to this position we went over the estimates very carefully and we did not think it necessary to ask for additional money until the final decision of the court deciding whether the act was constitutional or not. Since the court has finally acted in the premises, the estimates they have made for salaries and additional clerk hire amounting to \$15,000 were made, and I doubt very much whether they will be able to get through even with that amount, if the commission is continued. Senator Ball says he expects this commission to continue two years longer. The act creating the present commission expires October 22 of this year. They have their rent to pay and the salary of the secretary and they have had only three clerks there, but now that the question has been reopened again they will probably have to go back and review a lot of the work they have done, in order to fine these men who have not obeyed the determinations of the commission. From my experience there and from my knowledge of the work they hope to get through with, I think \$15,000 will be a very conservative figure.

The CHAIRMAN. Is that amount necessary for the next two months?

Mr. OYSTER. No; that is to continue until October 22. They have money enough to carry them through until June 30.

Col. KUTZ. There was a specific appropriation made for the life of the commission of \$50,000.

Mr. DONOVAN. It ceases on October 21, 1921, two years from the date of the approval of the act.

The CHAIRMAN. Captain, where an act provides, as this one does, that the duties shall cease on October 21, then the work is not to be carried on by any other agency, do you think it is going to be worth \$15,000 to the people of the District to carry on the activities up to October?

Mr. OYSTER. Yes; with the decision of the Supreme Court, the commission is going to save the community many hundreds of thousand of dollars, because the cases of those people who have denied and refused to accept the decisions and determination of the commission have got to be taken up, involving various apartment houses and many dwelling houses, where they have charged exorbitant rates. I will not say the whole town has done so but some of the people have, and have caused a great deal of unhappiness and have driven a great many people almost to poverty, you might say, by the excessive rents they have put on them, especially, the middle-class and the poorer people.

The CHAIRMAN. Was very much of the increase in rents charged to the lower class of houses?

Mr. OYSTER. Yes, sir. They were the greatest sufferers.

The CHAIRMAN. How many cases has the commission determined since its organization, if you know?

Mr. OYSTER. When I left I think we had about 3,000 cases. The law in itself has a good moral effect, and almost one-third of those cases were compromised. More than one-half of them were people who had to accept the conditions because they could not find anywhere else to go, and they felt at the time that they were overreaching in their expenditures and they knew that sooner or later they would have to succumb to the conditions. Many of them were forced to buy houses, and they will never be able to pay for them. They would do that and pay the interest on them because the interest would not be as much as the rent, and I would not be surprised if 25 per cent of them do not lose their property unless this law is extended and they are protected.

The CHAIRMAN. Are there many cases pending now?

Mr. OYSTER. We kept the work up pretty well, but since this decision of the Supreme Court the cases are coming in in large numbers. They will have not only new cases, but also those that had already been determined, and I do not believe it is possible for them to get through with this work without an additional appropriation. We made a very close estimate and we have been running the organization very economically; at times, almost too much so. Before I left we had reduced the force, and with the saving of the salary that was paid me we thought they would probably get through all right. They have now decided the other way and can not get along without additional money, and this money will save hundreds of thousands of dollars. I have no doubt that this decision of the court will save a great deal of money. I think it is a very conservative estimate, because they have to take on additional clerks.

The CHAIRMAN. What is their unexpended balance at present?

Mr. DONOVAN. On April 20, \$12,817.68.

Mr. BYRNS. How long will that run you?

Mr. DONOVAN. On the figures which I have made, allowing for the compensation of the commission and the salaries of employees, until the 21st of October next; and also allowing \$350 a month for expenses, in which is included an item of \$205 a month for rent, I estimate we will actually require at least \$2,643 to see the commission through until October 21. The actual amount which the secretary of the commission finds to be needed is \$3,921.89, and that is on the basis of the present organization.

Mr. BYRNS. Do you mean in addition to the \$15,000?

Mr. DONOVAN. No; in addition to the \$50,000 appropriation.

Mr. BYRNS. But you are asking for \$15,000.

Mr. DONOVAN. I intended going into that. I was answering the chairman's question. The \$15,000 item is made up of the following salaries: One information clerk with legal training, \$1,600; one information clerk without legal training, \$1,340; one law clerk to write determinations and prepare transcripts of records for court of appeals, \$1,740; one stenographer-secretary for the commission, \$1,840; two inspectors at \$1,620 each, \$3,240; one messenger-bailiff, \$1,440; one file clerk, \$1,440. For this additional force for the remaining six months of the commission's existence we will need \$6,320. Then we have an item for additional stationery, telephones, printing, periodicals, and incidentals and contingent expenses, \$1,000; for additional furniture and equipment, \$600; and the actual estimated deficiency of \$3,921.89, together with an item for a surplus fund over and above these several items to cover further contingencies of \$2,611.80. These several amounts account for the total of \$15,000.

The CHAIRMAN. Then after you figured up everything you needed, in order to make it a round \$15,000, you found you had to put in \$2,600 more?

Mr. DONOVAN. Yes; that is true according to the statement of the rent commission, and the District Commissioners submitted the estimate of the rent commission in its entirety. I might say, Mr. Chairman, that the commissioners did not have this detailed information at the time they sent forward the estimate of \$15,000. They merely approved the recommendation of the rent commission for the lump sum of \$15,000, and had no knowledge of the details entering into that amount.

Mr. OYSTER. I would suggest, Mr. Chairman, that we should get a more accurate statement about the work they have done. Of course, I have been away from there for two months and have not followed it closely. I know at that time everything was very carefully estimated and with your permission I will be glad to get such a statement.

The CHAIRMAN. You may put that statement in the record, and I wanted to ask you, Captain, whether you thought the expenditure of ten or fifteen thousand dollars additional would be productive of very much good in the way of preventing profiteering in rentals during the next year?

Mr. OYSTER. This \$15,000 would be used practically for cleaning up their work and requiring these men to live up to the determinations of the commission. There is no question in the world about this saving hundreds of thousands of dollars if they carry out their

work until October, and I can probably get a statement on that if you will let me have the time to look it up or get it from them. New cases are coming in, as I understand, at the rate of 40 or 50 a day, according to the papers, which is the only information I have, and then they have these appeal cases that have been carried through the municipal court and the court of appeals. The poorer people got the worst of the deal when they went to the municipal court. They were required then to employ a lawyer and required also to be put to the expense of a bond, and also required to pay more rent in order to stay in the houses, and they were the sufferers. Those who were able to pay would note an appeal, but the poorer people bore the brunt of it—especially Government employees.

Mr. BYRNS. Captain, annual rentals here in the city of Washington are usually fixed the 1st of September or October, are they not?

Mr. OYSTER. I think so; yes, sir.

Mr. BYRNS. What would be the effect, even assuming that this law was not extended, and personally I hope it will be extended, but assuming it will not be extended after the date of its expiration, October 21, 1921, what would be the effect of this work stopping now or between now and October 1, with reference to rentals made for next year?

Mr. OYSTER. If I understand your question correctly, it means this, that these people, if you had not the law to check them up, with the way they had been rapidly increasing the rents in the last six or eight months since the decision of the court of appeals, would put almost unheard-of prices on the people. The effect of the action of the Supreme Court is going to check them and get them into more conservative lines. The commission was absolutely fair to these people and allowed them on an average, provided they kept their property up, from 25 to 30 per cent increase over prewar prices, which they were all satisfied with and entirely happy with until the action of the court of appeals, and immediately they took steps then to either force people out for the purpose of putting others in who were willing to pay more rent or else they required them to pay more than they could afford to pay. The continuation of this appropriation until October 21 will have a wonderful effect toward holding those people in check.

Mr. BYRNS. And there will be no check on them if it is not continued.

Mr. OYSTER. Absolutely none at all and they will run away with the town. Before, they were making fictitious sales in selling these apartment houses and not only putting on increased rents but exorbitant prices on the people, and people would go in and buy a house or apartment when they would know they could not pay for it, but they would figure that the interest on the money was cheaper than paying rent. It will embarrass them and they will never be able to retain their homes.

Mr. BUCHANAN. Captain, \$3,921 additional appropriated in this bill will carry your present office force until October 21. Do you think it advisable, in view of the fact that the commission may expire on October 21, to provide this additional appropriation of over \$11,000 simply for an increased office force and increased furniture when we do not know definitely whether the law will be continued or

not? Would not simply continuing the present force until October 21 have the same effect that you have just detailed to Mr. Byrns?

Mr. OYSTER. Of course, I am not there now, and I did not make up these figures and do not know anything about them, but I know how conservative the secretary, Mr. Roper, is, and if he has made these estimates I am sure they are most conservative.

Mr. BUCHANAN. They are for new employees and for new furniture when the commission only has six months to run unless it is continued.

Mr. OYSTER. That is very true, but with the increased business and to keep up with the work they have, they will have to have more force there now. They could get along with the force they had until the court finally settled the matter, but now it would be impossible for them to do the work and keep up with it, absolutely impossible.

The CHAIRMAN. Because of the pending suit in the Supreme Court, the work of the commission was not as effective then, you think, as it will be now?

Mr. OYSTER. It was bringing good results prior to the decision of the court of appeals, and will continue its good work, now that the Supreme Court has declared the law constitutional.

The CHAIRMAN. What was the decision of the court of appeals?

Mr. OYSTER. That the law was unconstitutional. That was by a divided vote, though.

The CHAIRMAN. And after that the work was not as effective as it was before?

Mr. OYSTER. We could not get recognition from the real estate men because we had no power to subpoena them and the municipal court would not support us, which they promised to do when we started in.

The CHAIRMAN. After that decision of the Court of Appeals, and while the case was pending in the Supreme Court, did you reduce your force?

Mr. OYSTER. Oh, yes, sir.

The CHAIRMAN. So then this estimate of \$3,900 for the rest of the life of the commission is not based upon a force such as you had before that decision?

Mr. OYSTER. No, sir.

Mr. BUCHANAN. Has your force ever been larger than it is now?

Mr. OYSTER. Oh, yes; we had several employees there, but we reduced the force. We would put on extra speed there and finish up the work, and then we would have only 10 or 20 cases a day, and half of those cases would not come to trial because the real estate men or the property owners or their agents would not appear before us, and we could not subpoena them. Prior to the decision of the Court of Appeals, we could subpoena them.

The CHAIRMAN. I wish you would put in the statement a record showing the force you had before the decision of the Court of Appeals and the force you have now, so that we may see just what you are proposing.

Mr. OYSTER. Yes. When I left them, my salary was cut out until this new appointment was made, which has not yet been confirmed, and, of course, that will require more money than has been required in the last few months.

*Comparative statement showing in detail personnel organization of Rent Commission by stages.*

A. Immediately prior to decision of Court of Appeals, District of Columbia, holding rents act unconstitutional, June 7, 1920.

	Salary per annum.
June 1, 1920:	
1 chief clerk.....	\$1,600
1 general clerk.....	1,400
1 docket clerk.....	1,400
1 stenographer and typist.....	1,400
1 stenographer and typist.....	1,500
1 messenger.....	960
	<hr/> 8,260

Total personnel of 6 employees.

B. Immediately prior to final decision by United States Supreme Court, April 18, 1921.

	Salary per annum.
April 15:	
1 chief clerk.....	\$1,600
1 stenographer and typist.....	1,500
1 stenographer and typist.....	1,440
1 messenger.....	960
	<hr/> 5,500

Total personnel of 4 employees. Two clerks shown under A were dropped and never replaced. The general clerk was dropped in September, 1920, and the docket clerk in March, 1921.

C. Since decision by United States Supreme Court, now necessary until October 22, 1921, end of statutory period for rents act.

	Salary per annum.
1 assistant secretary.....	\$1,800
1 chief clerk.....	1,800
1 general clerk.....	1,440
1 docket clerk.....	1,440
1 file clerk.....	1,440
1 law clerk.....	1,740
1 information clerk.....	1,600
1 information clerk.....	1,340
1 stenographer-secretary.....	1,840
1 stenographer and typist.....	1,500
1 stenographer and typist.....	1,440
1 messenger.....	1,080
1 bailiff.....	1,440
1 telephone operator.....	1,100
2 inspectors, at \$1,640.....	3,280
	<hr/> 24,280

Total personnel of 16 employees.

The CHAIRMAN. Mr. Sinclair, we have just been considering the matter of the Rent Commission, and the question was what your organization would be if we granted the \$15,000 asked for, compared with the organization prior to the decision of the lower court holding that act unconstitutional?

Mr. SINCLAIR. It would probably be double.

The CHAIRMAN. Double that organization?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. Do you think that is necessary?

Mr. SINCLAIR. I do, sir; it may be necessary to have more help than that. Of course, we can only approximate what help we will need and what money we will need.

As the result of the decision of the Supreme Court of the United States it will be necessary for the Rent Commission to institute suits in the municipal courts, in its own name, to recover double the amount of excess rents paid by tenants to landlords who disregarded the rent act. We can not tell how many suits of that kind we will have to bring. It is certain that there will be many of them, hundreds of them.

Mr. BUCHANAN. To whom does the penalty go?

Mr. SINCLAIR. The law provides that one half of the recovery of excess rents shall be paid into the Treasury to the credit of the District of Columbia, and the other half to the tenant, but if it appears that the tenant voluntarily paid the excess, then the entire amount shall go into the Treasury; and it provides also for a tax attorney's fee of \$50 in each case.

The CHAIRMAN. That is the attorney for the Rent Commission?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. You do not need any money for that purpose?

Mr. SINCLAIR. Then, there are the costs of the proceeding.

The CHAIRMAN. The costs will be all assessed where you are successful against the landlords?

Mr. SINCLAIR. Yes, sir; but we have to pay in advance, we have to make a deposit in advance to cover the costs in each case.

The CHAIRMAN. That comes back?

Mr. SINCLAIR. It will come back in a sense; the costs of recovery.

The CHAIRMAN. In a case where you have to pay the costs in advance, say, \$100, you pay the costs out of your appropriation and when you collect the costs, what becomes of the money?

Mr. SINCLAIR. We pay it into the Treasury to the credit of the District of Columbia.

The CHAIRMAN. It is not a revolving fund?

Mr. SINCLAIR. No, sir.

The CHAIRMAN. All of your expenditures then must be appropriated for direct?

Mr. SINCLAIR. Yes, sir.

The CHAIRMAN. You will have no receipts from the collections made through the suits which you propose to bring?

Mr. SINCLAIR. No, sir. The lump appropriation of \$50,000 covers all the expenses of the commission.

Mr. DONOVAN. Under the law the receipts must go into the Treasury to the credit of the District of Columbia.

Mr. SINCLAIR. It is very hard to tell; it may be that \$15,000 will not be sufficient. We have had to guess at it, because we have to await developments to find out how many suits will be handled.

The CHAIRMAN. Did you commence any of those suits before the decision of the Supreme Court?

Mr. SINCLAIR. No, sir. All the courts were following the majority decision of the court of appeals, declaring the law to be unconstitutional.

Mr. BUCHANAN. Do you recall whether or not the Supreme Court held as constitutional that the \$50 attorney fee could be assessed against the landlord who lost the suit?

Mr. SINCLAIR. The Supreme Court simply sustained the law in a general way; it did not pass on any particular provision of the act.

Mr. BUCHANAN. The reason I asked that question is that in railroad cases it has been repeatedly held by the Supreme Court that the assessment of the fee against the railroad is unconstitutional.

Mr. BYRNS. But this is in the nature of a penalty?

Mr. SINCLAIR. Yes, sir. The Supreme Court was not asked to consider any particular provision of the act; they sustained the power of Congress to pass such a statute.

Mr. BUCHANAN. A violation of a police regulation?

Mr. SINCLAIR. I suppose that question may be raised in some suit brought to recover the excess rent, the question of whether that particular provision is valid, but I should think it would be sustained on the theory that it is a penalty for violation of the law.

The CHAIRMAN. Then you anticipate that the work of the commission will be very much greater now since the act has been declared valid?

Mr. SINCLAIR. Beyond question. Every day since the decision was rendered we have had a constant stream of people in the office.

The CHAIRMAN. Landlords or agents?

Mr. SINCLAIR. Both. The landlords whose rent we had fixed before the decision was made are coming in investigating, preparatory to taking some steps, filing motions to modify determinations, etc.

The CHAIRMAN. Suppose that last year a landlord collected an increase of 100 per cent and it was not called to the attention of the commission, can you now bring a suit to recover?

Mr. SINCLAIR. No, sir.

The CHAIRMAN. You can only bring suits to recover in cases where you have passed upon and fixed the maximum rent?

Mr. SINCLAIR. Yes, sir; the excess paid from the date of the determination of the commission. If a tenant fails to come in and complain about an unreasonable increase in rent, that is his lookout; he is the loser. We can not do anything prior to the date of the filing of the determination.

The CHAIRMAN. Is it your plan to make a pretty thorough investigation of all cases that come before you and to fix the fair rental in each case?

Mr. SINCLAIR. Yes, sir; we have been receiving complaints of that kind since the decision at the rate of about 50 a day, and we will be just swamped.

The CHAIRMAN. How many cases can you take care of a day with your present force?

Mr. SINCLAIR. I do not know. I know that since the decision was rendered that we have not been able to handle the cases which have come in.

The CHAIRMAN. Please tell us about how fast you are able to dispatch work of that kind?

Mr. SINCLAIR. You are talking about the work of the commission?

The CHAIRMAN. Yes, sir.

Mr. SINCLAIR. It depends on the size of a case. One case, a complaint covering a great many apartments in an apartment house, which apparently constitutes one case, we cover it with one number. It might take a day or it might take a week, if we have a whole apartment house.



The CHAIRMAN. Take an apartment house where the apartments on each floor are duplicates, after you have once determined what a fair rental is of a five-room apartment in that building, that covers all apartments practically in that apartment house of similar size?

Mr. SINCLAIR. No.

The CHAIRMAN. Why not?

Mr. SINCLAIR. For the simple reason that all the apartments are not in the same condition of repair oftentimes. Our determination is based on the condition of the apartment at the time of the filing of the complaint asking us to fix the rent. The determination is effective from the date of the filing of the complaint. There is a vast difference in the condition of repair of the apartments and dwellings in the city. It would not be safe to proceed in that way. Each tenant and landlord is entitled to a hearing, he is entitled to notice of the filing of complaint, he is entitled to notice of the hearing and he is entitled to appear either in person or by counsel and present the facts and state the condition of the apartment.

The CHAIRMAN. In a well-regulated apartment house, where improvements are made according to the maximum of expenditure, as a general rule, if I were to ask you to fix the fair rental on a five room or six room apartment at \$100 and I was occupying that apartment, I would not feel that it would be wise for me to employ a lawyer to try to have that rental reduced to \$75 because, having determined it once, without disturbing your former ruling as being unsound, you would not vary it very much. It seems to me that when you have once fixed the rental of an apartment with a given number of rooms in a given apartment house you have practically done your work, except as to minor details?

Mr. SINCLAIR. I think that would be true as to some apartment houses, but it would not be a safe general rule.

The CHAIRMAN. I grant that. Some apartment houses afford much better facilities than others and those things must be taken into consideration. I just had reference to all the apartments in a given apartment building.

Mr. SINCLAIR. Yes, sir. I imagine there would not be much difference. In the apartment house at 2400 Sixteenth Street, where Commissioner Oyster lives, that apartment house is kept in good condition and I assume that all of the apartments are.

The CHAIRMAN. I hear some of the Members of Congress complaining very bitterly about the increase in the rentals?

Mr. SINCLAIR. Yes.

Mr. OYSTER. They put the rents up until the decision of the court.

Mr. SINCLAIR. I can illustrate in just a moment how this penalty clause works out. In July last we fixed the rent for a house in which a poor woman resided, No. 1139 Tenth Street NW., at \$30. It was in awful condition. There was a discrepancy in the testimony as to the condition of the house and we went down and inspected it. There was no floor in the bathroom.

We stood on the first floor and saw the ceiling of the second floor through the bathroom. That woman was paying \$60 a month. We reduced that rent to \$30 after careful inspection and hearing the evidence. In some way the landlord forced that woman out, and seven or eight months ago he succeeded in renting that house to another party for \$75 a month. The other party did not know that

we had fixed the rent for it and signed a lease, agreeing to pay \$75 a month. He got tired paying \$75 a month for the house, and about six months ago he filed a complaint with the Rent Commission, not knowing that we had fixed the rental for it. When we found after investigation that we had fixed \$30 we dismissed the complaint. That landlord will be liable for double the difference between \$30 and \$75 when he rented to the second tenant, plus an attorney fee of \$50, and the costs and expenses of the suit. That is the way the thing works.

The CHAIRMAN. In other words, you are going to take all of his rent, and he will have to pay for any damages and pay the other fellow's attorney's fees?

Mr. SINCLAIR. Yes, sir. That is just an illustration. That is just one of hundreds of cases.

Mr. OYSTER. How much money has been saved to the people by the decision of the United States Supreme Court?

Mr. SINCLAIR. It is impossible to say. We can only ascertain the situation by the gradual developments.

Mr. OYSTER. Mr. Sinclair, the chairman has asked some questions and I am going to get information for him as to what the expenses were prior to this decision and what the anticipated expenses will be. I will ask you to get that for me.

The CHAIRMAN. Just put in a note when you come to revise your remarks.

Mr. SINCLAIR. Very well.

The CHAIRMAN. As I understand, if we make the appropriation your force will be double what it was prior to the time when the law was held unconstitutional?

Mr. SINCLAIR. In that statement I did not mean to include the statutory employees, the three commissioners, the assistant, and the secretary. I meant that would double, even more than double, the other help. That is what I meant.

Mr. BUCHANAN. Prior to the holding of the act unconstitutional?

Mr. SINCLAIR. Yes, sir.

Mr. BYRNS. Let me see, if I understand the question. It refers to the force which the rent commission had prior to the action of the appellate court which held the act to be unconstitutional?

Mr. SINCLAIR. Yes, sir.

Mr. BYRNS. After that action was taken, I understand, quite naturally, the work of the commission fell off, because people failed to pay any attention to making complaints, assuming possibly that the higher court would confirm the action of the appellate court. Since the Supreme Court of the United States has held the act to be constitutional, your work, of course, has greatly increased?

Mr. SINCLAIR. Very rapidly.

Mr. BYRNS. And a very great number of complaints are being filed?

Mr. SINCLAIR. Yes, sir.

Mr. BYRNS. Do I understand that the granting of this \$15,000 would increase your force double the number you had prior to the action of the District appellate court?

Mr. SINCLAIR. Do you mean prior to the action of the Supreme Court of the United States?

Mr. BYRNS. It will double the force which you had at any time, the force of the commission?

Mr. SINCLAIR. Prior to the decision we did not have much of a force. We had two stenographers, two clerks, and a messenger who acted as bailiff and general utility man. That is all we had. We will certainly require twice that help to deal with the situation now. There is no question about that.

PUBLIC LIBRARY, CONTINGENT EXPENSES.

The CHAIRMAN. You are asking for \$1,200 additional for the miscellaneous appropriation of the Free Public Library. You have an appropriation this year of \$11,000. What is the state of your balance?

Mr. DONOVAN. Our balance at this time is \$266.61, which is exclusive of certain moneys that have been set aside in that appropriation to meet definite and fixed obligations, such as electric light, gas, and telephone service; but including the allotments we have set aside for those purposes, the unexpended balance in the appropriation on the 19th of April was \$2,175.72. The point is, however, that the library has only \$266.61 for general contingent expenses at this time. to last until June 30, next.

The CHAIRMAN. You do not need very much money aside from the things that you have charged up as known obligations?

Mr. DONOVAN. The known obligations only include the electric light, and gas and telephone service.

The CHAIRMAN. Those are the big items that you have to pay out?

Mr. DONOVAN. We have the item for fuel.

The CHAIRMAN. You are not going to need any fuel during May and June, I hope.

Mr. DONOVAN. No; but here is the situation, Mr. Chairman. This \$1,165 is desired by the library for 50 tons of coal to last until the end of the fiscal year. I understand that the Government fuel yards have advanced or given credit to the library for 50 tons or less of coal on the assumption we would obtain a deficiency appropriation and then pay for it.

The CHAIRMAN. We ought to know about that. We do not want to appropriate money for a liability that does not exist, and of course, if the library owes for 50 tons of coal which it has already consumed, that is one thing that must be paid, but if it does not owe that and is not going to burn any coal from now on—and this act will not become effective for a month yet—that is another matter. I do not see why, after charging up everything you know of, you are going to require \$1,200 in addition to the \$266.61, which you have left.

Mr. DONOVAN. The \$266.61 is hardly sufficient to carry the public library until June 30. We have both the free public library at Ninth and K Streets and the Takoma Public Library to take care of. All miscellaneous expenses in connection with the two libraries are charged against this appropriation. Last year, for instance, we had an appropriation of \$11,000 and Congress granted a deficiency appropriation of \$1,750. For 1922 our appropriation is \$11,000. I would like to give you an idea of the kind of items that are paid from this appropriation. For instance, stationery, printing, blank forms, and office supplies, to date, we have expended \$1,986.40. I will pick out

the larger items. Gasoline for the maintenance of trucks used in delivering books and collecting books, \$251.

The CHAIRMAN. For what period is that?

Mr. DONOVAN. Between July 1, 1920, and April 19, 1921. Baskets, used in handling books, \$252. For gas, electric light, and power we have actually paid to date \$2,080.36, but have set aside \$4,200 for that purpose for the entire year; auto repairs, a small item, \$11; repairs to elevators, \$40; fuel, \$2,320; ice, \$142; hauling ashes, \$190; repairs to plumbing, \$350. Repairs to the two buildings are also made out of this appropriation. I do not believe the library can very well get through to the end of the year with this small balance of \$266.61. The librarian states he will need this additional money for these purposes—50 tons of coal, \$490; automobile repairs, supplies, etc., \$100; freight and drayage, \$100; catalogue cards from the Library of Congress, \$175; ice and laundry, \$200; repairs to typewriting machines, \$100, which makes \$1,165. He also asked for building supplies, \$200; rebuilding charging desk, central children's room, \$290, and widening exhibition cases, \$45, which the commissioners did not allow in submitting this estimate. The commissioners reduced the estimate from \$1,700 to \$1,200.

The CHAIRMAN. Many of those items the library can get along without, and if they get them now they will not have to pay for them out of the appropriation for next year. They are simply stocking up on many of those things. If they have burned the coal, that is one thing. If they are buying coal for next fall, that is quite another thing.

Mr. DONOVAN. They have actually received 28 tons of coal which we have not charged to this account.

The CHAIRMAN. Is the coal on hand or has it been consumed?

Mr. DONOVAN. The 28 tons were delivered in the month of March. Probably a part of that, I do not know how much has been consumed.

The CHAIRMAN. But you have set aside money with which to pay for it?

Mr. DONOVAN. No. The money set aside does not take care of fuel; but does take care of electric light, gas, and telephone service. The electric-light bills represent large expenditures.

The CHAIRMAN. How much will they have to pay for the fuel which has been delivered?

Mr. DONOVAN. Twenty-eight tons of soft coal—that would run about—

The CHAIRMAN (interposing). Six or seven dollars a ton?

Mr. DONOVAN. Higher than that; \$3.50, about \$250.

The CHAIRMAN. Are there any other outstanding bills that you know of?

Mr. DONOVAN. Not that I know of. I only know of the items contained in the librarian's letter, which I have referred to.

CONTINGENT AND MISCELLANEOUS EXPENSES—PRINTING, CHECKS, BOOKS, LAW BOOKS, ETC.

The CHAIRMAN. Then for "Contingent and miscellaneous expenses," you are asking \$5,000, "For printing, checks, books, law

books, books of reference, periodicals, stationery, and so forth." You have an appropriation of \$45,000?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. What is your balance?

Mr. DONOVAN. The balance at this time, distributed among the various branches of the District service, which have only this particular appropriation to meet expenses, is \$5,817.32.

The CHAIRMAN. With all the bills paid?

Mr. DONOVAN. With all the bills paid up to the 6th of April. May I make a general statement with reference to this appropriation?

The CHAIRMAN. Certainly.

Mr. DONOVAN. Prior to the war our appropriation for this purpose, which is the general appropriation for contingent expenses for all the offices of the District government, with the exception of the fire department, the schools, police department, and probably one or two other branches of the service, was \$39,000. During the war period it was increased to \$45,000. The price of supplies has increased from 150 to 300 per cent. Take the item of printing alone—out of this appropriation we print the annual supply schedules on which we ask for bids for annual supplies. Last year, 1920, it cost us \$1,100 to print the schedules. This year it cost us \$2,100, and next year, on the lowest bid we have received, it will cost us probably \$4,000. That is just one item. Take the matter of binders for the books we use in the auditor's office. Three years ago we bought the binders at \$8 and now they are \$25. It is the same with pencils and paper and supplies of every character we purchase under this appropriation and which the various offices need and use from day to day.

Col. KUTZ. Call attention to the real pressing needs.

Mr. DONOVAN. I will. First, I wish to show that while the appropriation has been increased \$6,000 the price of everything has gone up from 150 to 300 per cent. The real purpose we have in asking for this \$5,000 is to print a new issue of the police regulations. The last issue was printed in June, 1915. It will cost \$1,000. We also wish to print a new issue of the building regulations, the last issue having been printed in June, 1917. Those regulations will cost \$1,500. Those are the two principal items we are asking for in this \$5,000. It will be impossible to print those regulations within the limits of the appropriation of \$45,000. Then, at this time, the assessor is working on the biennial assessments and he needs something like 150,000 cards and filing and binding equipment. It will cost \$1,000 for the cards and filing equipment. The other \$1,500 we need to help out the various branches of the service which really need additional money. Take my own office; I get an allotment of about \$1,000 from this appropriation to carry me through the year. I have about \$50 or \$75 left to carry to June 30. There is not an office in the service which receives an allotment from this appropriation that is not to-day actually in need of additional money in order to meet necessary expenses of administration.

The CHAIRMAN. Of course, if we do not make this appropriation now all you will do will be to delay the printing of the regulations, etc., until the regular appropriation is available. You would hardly be able to get the work done within a month any way.

Col. KUTZ. The same question came up last year as to the printing of the police regulations and the building regulations. They ought

to be reprinted, because there have been many amendments, particularly to the police regulations. Last year we were not able to do it and we held it over until we could have some idea of what the price would be and we found then that we were unable to do it. The case of the assessor appeals to me very strongly, because he feels that he can effect economy in his method of administration if he can substitute this new system in connection with the new assessment. We canvassed all of the departments to see whether we could not take \$50 here and \$50 there from their allotments previously made in order to get enough to make that expenditure, but we feel that the shortage in the appropriation is actually handicapping us in the administration of business.

The CHAIRMAN. How often do cities of the size of Washington print their police regulations?

Col. KUTZ. I think every three or four years they get out a new edition.

The CHAIRMAN. You printed these regulations in 1917?

Mr. DONOVAN. No; in June, 1915, six years ago.

The CHAIRMAN. Take the building regulations; is it necessary to reprint those regulations as frequently as you are now asking?

Col. KUTZ. We feel it is particularly desirable now, in view of the many changes that were made as a result of the passage of the zoning law, because we have had to modify the building regulations in a good many minor ways in order to mesh them into the zoning regulations. We should like very much in reprinting to incorporate in the same volume the zoning regulations. That does not involve many additional pages, but they are really part and parcel of the building regulations. There have been many amendments due to the zoning law.

The CHAIRMAN. Then, \$4,000 of the \$5,000 for which you are asking is just to print the police regulations, the building regulations, and to obtain the cards for the assessor and the equipment to hold the cards?

Col. KUTZ. Yes, sir. We have allotted this money in such a way that there will be no deficiency, but we have been unable to do this for three years and we regard it as vital and necessary for good administration.

The CHAIRMAN. What do you want the other thousand dollars for?

Mr. DONOVAN. For additional allotments to the various offices.

Mr. BUCHANAN. One of them must be your office?

Mr. DONOVAN. Yes, sir. I have about \$75 to carry me until the end of June, and it will reach the point where probably we may have to pay for lead pencils and small supplies out of our own pockets, unless we can borrow from some other office having a few dollars to spare. Printing is a very large item under this appropriation. For instance, take the fiscal year 1920—stationery, blank forms, binding, and so forth, nearly all of which comes under the heading of printing—that item for 1920 amounted to \$26,256. Most of the printing is paid for by the thousand ems and I should like to give you an idea of the increase in the cost of this work. In 1917 the contract price was 29 cents a thousand ems; in 1919, 45 cents; in 1920, 48 cents; in 1921, 85 cents; and our lowest bid for 1922 is \$1.56 a thousand ems. This is merely indicative of the increased cost of all supplies purchased under this appropriation.

## INCREASE OF LIMITATION ON CAR FARES.

The CHAIRMAN. You are asking that the limitation on the purchase of car fares from the appropriation contained in the District of Columbia appropriation act for the fiscal year 1921 be increased from \$7,500 to \$8,000.

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. How much have you spent so far this year for car fares?

Mr. DONOVAN. The \$7,500 has been entirely allotted to the various branches of the District service.

The CHAIRMAN. Is that a sufficient amount?

Mr. DONOVAN. It is not; because the Board of Children's Guardians and the public schools require additional street car transportation. Our authority having been exhausted, we are unable to extend further help unless the limitation be increased.

The CHAIRMAN. We granted you one increase for that purpose, which made more than you formerly had. It must be that this contingent fund is being abused, somewhat.

Mr. DONOVAN. Expenditures under this limitation come from all the appropriations, not from any particular contingent appropriation.

The CHAIRMAN. I understand that.

Mr. DONOVAN. In the fiscal year 1920 we used 115,446 car tickets, which at the rate of  $7\frac{1}{2}$  cents would make \$8,650. I do not see how we could use fewer car tickets. We are getting fewer car tickets for \$7,500 now than we got in 1920, because we are now paying  $7\frac{1}{2}$  cents per ticket instead of 6.25 cents as in 1920.

The attendance officers of the schools are entirely out of car tickets. These officers have to go about and inspect cases of absence; and the Board of Children's Guardians need additional transportation of this character to get through until June 30. As soon as this limitation is increased we will be able to help out these several offices, which we can not now do as the entire \$7,500 has been allotted.

Mr. BUCHANAN. When do the schools close?

Mr. DONOVAN. About June 20.

Mr. BUCHANAN. This is not necessary then until June 30?

Mr. DONOVAN. June 20.

Col. KUTZ. Not for the schools.

Mr. DONOVAN. There may be other offices that need additional transportation. The health department does. That department has a large number of inspectors who investigate complaints concerning insanitary conditions, also business establishments to see that the sanitary regulations are observed. Then there is the Juvenile Court. Judge Sellers was here yesterday. She wants more money for car tickets for her probation officers. For 1922 Congress has fixed the limitation at \$8,000.

Mr. BUCHANAN. They are needed for the health department, the public schools, etc.?

Mr. DONOVAN. Yes, sir; as a matter of fact, every branch of the service has use for transportation of this character. There are a large number of building inspectors, plumbing inspectors, etc., who use street car tickets.

Col. KUTZ. Every office is getting along this year with a less number of car tickets than they had in the previous year.

## FOR MAINTENANCE AND REPAIRS OF MOTOR VEHICLES, OFFICE OF SUPERINTENDENT OF WEIGHTS, MEASURES, AND MARKETS.

The CHAIRMAN. The next item is, "Office of Superintendent of Weights, Measures, and Markets: For maintenance and repair of four motor vehicles," \$600. You have an appropriation of \$1,440. What is the condition of your balance?

Mr. DONOVAN. That appropriation is entirely exhausted.

The CHAIRMAN. For what purpose are the expenditures made under this appropriation?

Mr. DONOVAN. For the maintenance of the automobiles. Would you like the details?

The CHAIRMAN. Yes, sir.

Mr. DONOVAN. The expenditures to April 1, 1921, are: Gasoline, \$281.83; oil and grease, \$26.97; tires, \$157.82; inner tubes, \$20.47; repairs and labor, \$412.63; material, \$178.95; spring attachments, \$84.41; repairs to tires, \$4.50; garage overhead and general care of machines, \$192.51; making a total of \$1,360.21 out of an appropriation of \$1,440. The obligations incurred since that time have entirely consumed the small balance of \$79.79.

The CHAIRMAN. You commenced in 1917 with an appropriation of \$250, and now you have grown to an expenditure of \$2,000?

Mr. DONOVAN. But the number of cars has increased.

The CHAIRMAN. That may be; but have you not too many cars?

Mr. DONOVAN. I hardly believe there are too many cars in the office of the superintendent of weights, measures, and markets.

The CHAIRMAN. How do you justify the service? Is there any improvement in the service that would justify an increase of \$1,000 in the last four or five years?

Mr. DONOVAN. The justification for the increase, as far as the money end is concerned, is the increase in the number of cars which Congress has provided. It is very difficult to maintain four vehicles at about \$360 a year each.

The CHAIRMAN. What are they used for?

Mr. DONOVAN. For carrying testing weights used in testing scales in drug stores, grocery stores, and in fact, all scales used for commercial purposes in the District of Columbia. One of the machines carries weights weighing fully 1,000 pounds, and the others about 500 pounds.

The CHAIRMAN. Somebody should ascertain whether or not this work is worth what it is costing. It is not a big item—I admit that—but it only shows how some of the services are growing.

Mr. DONOVAN. I think you will concede, Mr. Chairman, that as far as the service rendered by this particular department is concerned, it is very important as a protection to the public. We have now a new measure and weight law which will go into effect about the 1st of June, and which passed at the last session of Congress.

Col. KUTZ. I do not think that the increase in the number of vehicles can be measured by the amount of service rendered, because motor vehicles have replaced the horse-drawn vehicles that were in use in 1917.

The CHAIRMAN. With a motor cycle a man ought to do three or four times the work that he could with a horse and buggy?



Col. KUTZ. He can move from place to place more rapidly, but he can not inspect the scales any more rapidly.

The CHAIRMAN. No; not after he gets there, but it enables him to eliminate time.

Mr. DONOVAN. They are all motor trucks.

Mr. BUCHANAN. I should like to know how many scales have been found incorrect and whether the incorrectness was cheating the customers or not; I want to see what good he is doing.

Mr. DONOVAN. May I read a letter from the head of the department in regard to this matter.

The CHAIRMAN. Certainly.

Mr. DONOVAN (reading):

It is recommended that the sum of \$600 be included in the deficiency estimates at this session of Congress to supplement the appropriation of \$1,440 carried in the last District appropriation act for maintenance and repair to four motor vehicles of the department of weights, measures, and markets. As nearly as can now be estimated, the appropriation in question will lack \$600 of being sufficient to pay the expense for maintenance of these machines during the remainder of the current fiscal year.

The machines referred to are used by inspectors of weights and measures in the work of testing scales, etc., used in all stores, express offices, freight offices, and other commercial establishments throughout the District. In addition to the inspector and his helper, it is necessary to carry from three to five hundred pounds of test weights while doing inspection work of this character. The machines are, therefore, always heavily loaded, which fact results in the wear and tear being greater than that of the ordinary light passenger car. On this account the cost of repairs amounts to more than on other similar cars.

The machines are kept in the municipal garage, and all expenditures for upkeep and repairs are made by the superintendent of the garage, the money necessary to cover same being allotted to the garage from time to time by the superintendent of weights, measures, and markets.

The expense for repairs this year has been more than it would have been but for the fact that some repairs needed during the last fiscal year could not be made at that time because the appropriation was not sufficient, and therefore had to wait until the current appropriation became available. Two of these machines, purchased in 1917, now need repainting, and one of them needs a new top.

There is no other appropriation available for paying the expense of maintenance and repairs to these machines after the unexpended balance of the present appropriation shall have become exhausted.

GEO. M. ROBERTS,

*Superintendent Weights, Measures, and Markets.*

The CHAIRMAN. There are four large trucks?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. Any of them new?

Mr. DONOVAN. I think one is new this year.

The CHAIRMAN. Are they purchased out of the \$1,400?

Mr. DONOVAN. They are not purchased out of that fund. This is a maintenance appropriation. There is authority in the 1921 act for the purchase of a truck.

The CHAIRMAN. Is there any authority to purchase another one next year?

Mr. DONOVAN. No, sir. The expense for repairs this year has been more, because some repairs needed during the last fiscal year were not made at that time, as the appropriation was not sufficient.

The CHAIRMAN. Where are the repairs made?

Mr. DONOVAN. The repairs are made by the District water department repair shop. All cars belonging to the District of Columbia are, by direction of the commissioners, repaired at this shop.

The CHAIRMAN. None of them are made in commercial repair shops?

Mr. DONOVAN. No, sir.

The CHAIRMAN. But out of your appropriation, you reimburse your repair shop for the expense that it has for labor and material put on the car?

Mr. DONOVAN. Yes, sir. A detailed account is rendered showing the cost of the repairs, including the cost of labor and material.

#### GENERAL ADVERTISING.

The CHAIRMAN. For general advertising, authorized and required by law, and for tax and school notices and notices of changes in regulations, for the fiscal year 1921, you are asking \$2,500.

Mr. DONOVAN. Yes, sir; the present appropriation is \$6,000.

The CHAIRMAN. What is the state of your balance?

Mr. DONOVAN. There is no balance. The appropriation is exhausted.

The CHAIRMAN. When did it become exhausted?

Mr. DONOVAN. I have not the exact date, but it became exhausted several months ago. We have on hand audited claims awaiting payment out of a deficiency appropriation amounting to \$2,083.44.

The CHAIRMAN. Can you regulate in any way the expenditures under this appropriation?

Mr. DONOVAN. Not very well. One of the large items of expenditure under this appropriation this year was advertising in connection with the Zoning Commission, on account of which we have paid \$1,265. We must advertise all tax notices, all proposals, as required by law, changes in regulations, including police regulations, building regulations, plumbing regulations, traffic regulations, etc. The law requires such advertising.

Col. KUTZ. We do have some discretionary power in determining the number of papers in which the advertisement shall appear. We have exercised some economy in that matter by limiting the number of papers.

The CHAIRMAN. As a matter of fact, you print them in the most expensive publications, it seems to me.

Col. KUTZ. Our practice has been to divide the advertising equally among the four papers published in Washington, so that the same number of lines appear in each one of the papers.

The CHAIRMAN. Would it not be a more businesslike method if you divided it by dollars and cents, and in that way stimulated a little competition among the papers in the matter of advertising rates? This is simply a formal matter and is done to comply with provisions of the law. Very few people read the advertisements. If you have one paper that charges you 10 cents a line and another one will print them for 4 cents a line, it seems to me that you would be complying with the law if you published the advertisements in the papers charging the smallest amount. We would not be called upon then to supply this additional fund, which really gets us nowhere, because it is only required to give publicity to something, or to prevent some officer, who might be inclined to grant some friend of his a preference or privilege by entering into a contract of which full notice had not been given, from doing so.

Mr. DONOVAN. Under section 5 of the organic act, we are required in connection with proposals for work where the amount

exceeds \$5,000 to advertise in newspapers in New York, Philadelphia, and Baltimore, as well as in Washington, and I would like to draw your attention to the difference between the rates paid to local papers and those paid to outside papers.

The CHAIRMAN. Do not take New York papers for your comparison. You had as well take the Saturday Evening Post for the purpose of comparison. You had as well take a paper published at Dry Creek and compare it with the New York Times in the matter of advertising rates.

Mr. DONOVAN. The New York Times and Globe each charge 60 cents per line, while our Washington Star and Post charge 20 cents a line.

The CHAIRMAN. And their publications are more than ten times as much in the matter of circulation as these local papers.

Mr. DONOVAN. I grant you that.

The CHAIRMAN. Advertising rates are always predicated upon the circulation of the paper. A paper published in New York is not comparable with one published at Washington.

Col. KUTZ. Our local rates for three papers are 20 cents per line and for the fourth 15 cents per line. We do not advertise outside of the District of Columbia except when we are required by law to do so, and then we advertise in only one paper published in New York, Philadelphia, and Baltimore.

The CHAIRMAN. What is the nature of the advertising done outside of the District of Columbia?

Col. KUTZ. That applies to anything involving an expense of over \$5,000.

Mr. DONOVAN. That would apply to proposals for construction work or materials for construction involving more than \$5,000. There is another matter to be considered, and that is that advertising rates in the last two years, not only in Washington, but in the several cities in which we advertise, have increased about 40 per cent.

The CHAIRMAN. I think if the commission should place on its books a resolution providing that no advertising should be inserted in any paper at a cost in excess of 15 cents per line you would find that all of these papers would be glad to take the advertising at that rate. Instead of that, however, the commissioners allow the newspapers to dictate the price, and, of course, a deficiency is the result.

Mr. DONOVAN. We have a law which provides that we shall not publish advertisements in newspapers, either in the District of Columbia or elsewhere, at a greater rate than commercial concerns pay for the same service.

The CHAIRMAN. You could protect yourself in another way.

Mr. DONOVAN. I do not believe we could get advertising in the New York Times at that rate.

The CHAIRMAN. I am talking about the local papers.

Mr. BYRNS. You are not compelled to divide your advertising patronage among the papers in Washington?

Mr. DONOVAN. No, sir.

Mr. BYRNS. Suppose you should let these papers understand that if they persisted in charging 20 cents per line, you would have your advertising published in a paper that would charge 15 cents per line. If that were done, do you not think they would drop in their rate?

**Mr. DONOVAN.** Personally I am inclined to agree with you, but I do not know how it would work out. Under that arrangement, we would have to ask for bids each year from the local papers for publishing these notices.

**The CHAIRMAN.** I would find out whether 15 cents per line should not be the maximum, and I would say that the advertising rate until further notice shall not exceed 15 cents per line.

**Mr. DONOVAN.** We have another situation with respect to the courts. The courts order advertising in connection with judicial proceedings, and the courts fix the maximum rate that may be charged by the papers.

**The CHAIRMAN.** I notice that some of your advertisements are quite full and bombastic, and there is a lot of stuff contained in them that could be eliminated, it seems to me. It looks as though they were arranged to pad the advertising bills. It seems to me that forms a hundred years old are in use, and that they are not in any way condensed. The same thing could be stated frequently in one-half the space.

**Mr. DONOVAN.** They may be legal notices, and we have no control over them. The courts fix the form of legal notices.

**The CHAIRMAN.** I am referring to advertisements for bids.

**Mr. DONOVAN.** As a rule, the advertisements for bids are very short.

**The CHAIRMAN.** I do not recall just what the advertisements were, but I was impressed with them at the time. You will not need \$2,500 for this purpose for the rest of the year?

**Mr. DONOVAN.** We already owe \$2,083, and we have the months of May and June ahead of us. Of course, we might allow other bills to hold over, and bring them up next December for another deficiency.

**The CHAIRMAN.** You have only \$6,000 for this purpose next year. It seems to me that the commissioners should find out how they can make that money do this work, because you have no right to do what you are doing now. You are now violating the law with regard to deficiency appropriations, because you have no right to contract any such indebtedness as that. With \$6,000 available for advertising it was the duty of the commissioners to begin by allotting the appropriation by months, or some other period, so there would be no deficiency at the end of the year. If necessary, they should cut the advertising rate, or cut the advertising. They should cut the goods according to the cloth. That is the law, but they have been trifling with the law. The commissioners have been as flagrant in their violation of the law as any other organization in the Government. They do not pay any attention to the antideficiency law, but they go ahead and make these expenditures, assuming that Congress will supply the funds.

**Mr. DONOVAN.** May I say a few words in reference to your last statement? I really feel that the commissioners, not only the present commissioners but past commissioners as well, have done everything in their power to limit expenditures to amounts appropriated, so as to prevent deficiencies. As a matter of fact, I know, because I personally handle the matter, that at the beginning of each fiscal year we go through the appropriation act and allot each appropriation that is subject to allotment under the antideficiency act. We report to the

commissioners, and the commissioners approve the allotments and issue instructions to the heads of the departments, showing how the appropriations have been allotted, and directing them to confine the expenditures within such allotments. In the cases we have before you now, I feel there is justification for the deficiencies. It may be that in the matter of advertising we could cut out some advertising. But I do want to emphasize the point that the commissioners actually make an honest and sincere effort every year to comply with the provisions of the antideficiency law. I personally know how earnestly the commissioners endeavor to comply with that law.

Mr. BYRNS. I do not know what the amount should be, but it does seem pretty clear that you are limited to \$6,000 for advertising expenses, and where it is apparent that you will not have enough money to last, to be frank about it, there is not much inclination to observe the law when you go on and pay an advertising rate to three papers that is 25 per cent more than you could get it for in another paper here in the city. I say that without knowing what paper has the lower rate. You might be able to avoid some of your deficiency by giving all of your advertising to that one paper.

Col. KUTZ. We could have done that, but I do not know whether that would have been a wise policy, or not. The purpose of the advertisements is to give notice of your intention to do certain work, or that a certain suit is pending in court, or to invite proposals, and it seems to me that justice to the whole community requires that the advertisements should be distributed among the papers, rather than confined to one paper. That would not seem to be a wise thing to do.

Mr. BUCHANAN. But the other papers would meet that lower rate.

Col. KUTZ. If they would meet the lower rate, it would be all right.

Mr. DONOVAN. May I make this statement? From this particular fund we have had to pay unusual advertising expenses on account of the new zoning law, costing about \$1,300. The law required the publication of the zoning regulations. Under the law we are also required to publish the traffic regulations and changes in such regulations. The traffic regulations must be changed and modified from time to time, and we are required to publish the changes. You will find in this particular year that a very large part of the expenditures were for advertising in connection with changes in the traffic regulations and the zoning regulations.

The CHAIRMAN. How much of this fund was paid to newspapers outside of the District of Columbia?

Mr. DONOVAN. \$2,827.52, and in addition there are pending unpaid vouchers amounting to \$661.60.

#### PRINTING ANNUAL AND SPECIAL REPORTS.

The CHAIRMAN. For printing all annual and special reports of the government of the District of Columbia for the fiscal year ending June 30, 1920, you are asking \$601.04. Is that an ascertained deficiency?

Mr. DONOVAN. That is for printing reports for the fiscal year 1920. It is an ascertained deficiency and audited claim in favor of the Public Printer. Our appropriation for this year is \$10,000.

The CHAIRMAN. This is for reports printed last year?

Mr. DONOVAN. It is for reports printed this year, but the reports are for the year ended June 30, 1920.

The CHAIRMAN. You have no money under this appropriation?

Mr. DONOVAN. No, sir; we have exhausted the appropriation, and we need this additional sum to pay the Public Printer.

The CHAIRMAN. I notice that for next year Congress has given you an appropriation of \$5,000 for this purpose.

Col. KUTZ. That means the elimination of certain reports. The law has been changed so that we will not have to print certain reports.

The CHAIRMAN. Is the \$10,000 appropriation exhausted?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. You will not have any more reports printed for the rest of this year?

Mr. DONOVAN. No, sir; not that I know of. This is an ascertained deficiency at this time, and I do not know of any further charges.

The CHAIRMAN. You have paid out all of your money?

Mr. DONOVAN. We have paid out the entire \$10,000 to the Public Printer.

The CHAIRMAN. And you owe him this amount of \$601.04?

Mr. DONOVAN. Yes, sir.

#### SEWERS.

The CHAIRMAN. The next item is for additional amount for cleaning and repairing sewers and basins, purchase of two motor trucks at not to exceed \$3,000 each, and maintenance of motor vehicles, fiscal year 1921, \$10,000.

Col. KUTZ. This item is for cleaning and repairing sewers. This is the appropriation out of which the sewer system of the District of Columbia is maintained. It is a system which consists of nearly 200 miles of trunk sewer and 600 miles of pipe sewer. We use this appropriation for making our minor repairs and cleaning the sewers. Our work is behindhand. If you will notice, for a number of years prior to the war we received an average of \$68,000 a year, but the costs of labor and material have increased much more rapidly than the appropriation. We feel that this additional \$10,000 is very badly needed for putting the system in shape.

The CHAIRMAN. You have \$90,000 for this year.

Col. KUTZ. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Col. KUTZ. The balance was \$10,059 on the 6th of April.

The CHAIRMAN. You are asking here for \$10,000, and you also want authority to purchase two motor trucks.

Col. KUTZ. That authority is contained in the appropriation for the year.

The CHAIRMAN. You do not want to purchase any trucks?

Col. KUTZ. No, sir.

The CHAIRMAN. Then you are not asking for that language?

Col. KUTZ. No, sir. The appropriation made for next year was cut down to \$80,000, but I believe it must have been cut down under a misapprehension, because I do not see how we can possibly maintain the system next year with that amount. It may have been anticipated that the cost of labor would be reduced next year, but, as a

matter of fact, the charge for labor under this appropriation will probably be increased.

The CHAIRMAN. Is this for the storm water sewers?

Col. KUTZ. It is for the whole sewer system.

The CHAIRMAN. Both the sanitary sewers and storm water sewers?

Col. KUTZ. Yes, sir; for the whole system.

The CHAIRMAN. How many motor trucks do you use in connection with this system?

Col. KUTZ. I can not answer that question. These two trucks are to take the place of a large number of one-horse wagons and carts that we use cleaning out the inlet basins. We estimated that by the use of these two trucks we could replace, I think, nine of those horse-drawn wagons or carts.

The CHAIRMAN. You have only two trucks in this service?

Col. KUTZ. There may be some more motor transportation in that service, but I do not think so.

The CHAIRMAN. Last year you got along with \$85,000, while this year you estimate that you will require \$100,000 for this purpose. Why that great increase?

Col. KUTZ. We have not been able to keep up our repair work. We have fallen behind. We have been falling behind for the last three years.

The CHAIRMAN. This is not all for repairs, but it is for cleaning and repairs.

Col. KUTZ. It is the only repair appropriation we have. We have in the sewer department one appropriation for the maintenance of the pumping station, and we have this appropriation for cleaning and repairing. Then, we have another appropriation covering new construction and replacement work, but all minor repairs and cleaning must be paid for out of this one appropriation.

The CHAIRMAN. Do you divide this appropriation between cleaning and repairing, or do you have separate organizations?

Col. KUTZ. We have separate gangs.

The CHAIRMAN. Do you keep separate accounts as between the cleaning and repairing?

Col. KUTZ. Yes, sir.

The CHAIRMAN. Where is the increased cost—in the repairs or cleaning?

Col. KUTZ. It is the repairs that have been postponed. We have to clean the sewers in preference to making repairs in order to keep them from becoming stopped up.

The CHAIRMAN. What did you spend last year out of this appropriation for repairs to sewers?

Col. KUTZ. Expenditures for fiscal year 1920:

Cleaning sewers.....	\$53,980. 23
Repairing sewers.....	30,983. 70
	<hr/>
	84,963. 93

The CHAIRMAN. Can you state how much of your appropriation you have expended so far this year for repairs and how much for cleaning?

Col. KUTZ. I can insert that in the record.

Expenditures for 10 months of fiscal year 1921, July 1, 1920, to April 30, 1921:

Cleaning sewers.....	\$55,251.91
Repairing sewers.....	28,224.94
Total.....	83,476.85
Average per month for 10 months.....	8,347.68
Required for May and June.....	16,524.00
May 1, 1921, appropriation balance.....	6,523.15
Deficiency requested.....	10,000.00
	16,523.15

The sewerage system increases in mileage at the rate of  $2\frac{1}{2}$  per cent per annum. The amount of necessary funds required for both cleaning and repairing increases at a much larger rate due to the breaking down of very old sewers, requiring not only more extensive repairs, but, on account of holes forming in the inverts of these sewers by the washing out of brickwork (laid 40 to 70 years ago in lime mortar) requiring larger expenditure for cleaning to keep these ancient sewers from becoming a nuisance by the accumulation of sewerage filth in stagnant pools along their bottoms.

The CHAIRMAN. What is the general situation in regard to the repairs to sewers at this time?

Col. KUTZ. We have recently completed an inspection of the trunk sewers and find that a very large amount of work is immediately necessary both for repairs and cleaning. I feel that the amount of the appropriation for this year is very small in comparison with the extent of the system, and that the sanitary engineer has exercised every economy in the maintenance of the system.

The CHAIRMAN. How does the extent of the system at the present time compare with the sewer system a year ago?

Col. KUTZ. We expend each year for new construction about \$400,000 or \$500,000. The system is growing at that rate.

Mr. BUCHANAN. How much mileage does that add to the system?

Col. KUTZ. That is hard to say, because the price varies so much as between an 8-inch sewer and 9-foot sewer. I might give that in the form of a percentage.

The CHAIRMAN. You think you will need \$10,000?

Col. KUTZ. If the appropriation does not become available until the 1st of June, that is probably more than we could advantageously spend in one month, but we do hope that it may become available sooner.

The CHAIRMAN. If it does not become available until after the 1st of June, how much would you need?

Col. KUTZ. \$5,000 is about all that we could advantageously spend.

The CHAIRMAN. In regard to labor, are you paying about the same price for labor that you paid a year ago?

Col. KUTZ. We made a slight reduction in the price of labor in the street cleaning department and in the ash, trash, and garbage services.

The CHAIRMAN. I am told by men who are engaged in this kind of work in other cities, that they are making substantial reductions in wages.

Col. KUTZ. We never got up to the wages that were paid in other cities. We are now paying common labor \$2.32 per day, to which is added the bonus, making \$3.08 per day. That is the price being paid by contractors, by the street railway companies, and by other large employers of labor in this vicinity.



The CHAIRMAN. Is your labor becoming more efficient than it was a year ago?

Col. KUTZ. Very much so, because people are now anxious to hold their jobs.

The CHAIRMAN. Are you firing some people who are loafing on the job, so as to increase efficiency a little bit once in a while?

Col. KUTZ. Yes, sir.

#### ELECTRICAL DEPARTMENT.

The CHAIRMAN. For general supplies, etc., in the electrical department, you are asking \$1,500.

Col. KUTZ. This is the general maintenance appropriation for the electrical system, including the telephone system, the police and fire departments signal systems. Of this appropriation, the largest item is for telephone rentals. To give you a comparison between the prewar basis and the present situation, you will notice that for a number of years, or from 1915 to 1918, the appropriation was about \$11,000. At that time we were paying out of the appropriation for telephone rentals \$4,500, while during 1921, with an appropriation of \$25,000, we are paying \$17,000 for telephone rentals, so that we have practically no more money for general supplies and repairs in dollars and cents than we had in prewar times. All of the increase has gone to the telephone company. We have cut down the expenditures to a minimum, and we are hardly able to exist.

The CHAIRMAN. How many telephones does the District government have?

Col. KUTZ. I do not think I can answer that.

The CHAIRMAN. When telephone rates were low, you wanted to have a telephone at every desk, even though there might be two or three desks in a room, because it was cheaper to do that than to walk across the room to use the telephone, but since rates are so much higher, that is no longer so.

Col. KUTZ. Our rates are on the basis of so much per message. Our annual rental charge for an instrument is only 50 cents, and you can easily justify an expenditure of 50 cents for a telephone instrument in order to save walking 100 feet to a telephone.

Mr. BUCHANAN. What is the message rate?

Mr. DONOVAN. We have different rates. It depends upon the number of calls. Up to a certain number, the rate is 5 cents per message, and then for certain numbers the rate is 4 cents, 3 cents, and down to 2 cents.

Mr. BUCHANAN. The rate ranges from 2 cents to 5 cents according to the number of messages sent over a phone?

Mr. DONOVAN. According to the number of outgoing messages. Practically all of our messages are at the 2-cent rate.

Col. KUTZ. We do not have separate bills for each phone, but all of them are lumped together, and we get the benefit of the wholesale rate.

Mr. BUCHANAN. What do you mean by a trunk line?

Mr. DONOVAN. We have a central system in the headquarters at the District Building connecting with the various offices, engine houses, schools, etc., and trunk lines between headquarters and the Chesapeake & Potomac Telephone Co.'s system.

Col. KUTZ. We have a District service as well as a commercial service. We have certain lines running between the District Building and the various police and fire stations which we use without any charge for the messages. Then we also have certain trunk lines running between the District Building and the Chesapeake & Potomac Telephone centrals. All messages sent into these centrals are charged for at the rate of 2 cents per message.

I would like to call attention to the fact that of the large sum of money appropriated for the various subdivisions of the engineer department, we are coming this year with only three requests for deficiencies, one of \$10,000 for the sewer department, one of \$1,500 for the electrical department, and another one for repairs to schools. We have made every effort to avoid deficiencies. We can exist without this \$10,000 for the cleaning and repair of sewers, but we do not think it wise to postpone the repairs, and we think that we should tell you gentlemen that you are taking risks in further postponing that work. We have allotted our funds, and if no additional appropriation is made no additional obligations will be incurred, but we do not feel that it is quite fair to the service to further postpone this work.

The CHAIRMAN. What is the state of your balance?

Mr. DONOVAN. The present balance is \$10,145.82, but there are large outstanding telephone bills.

The CHAIRMAN. How much do they amount to?

Mr. DONOVAN. I can not tell you, but the total charge amounts to about \$17,000 per year, or slightly less than \$1,500 per month.

The CHAIRMAN. Have you expended much more out of the \$25,000, except for the telephone bills?

Col. KUTZ. Yes, sir; out of the \$26,500 we asked for the following items: Labor, \$3,000; instruments and apparatus, \$1,580; batteries and battery supplies, \$915; wires and cables, \$1,421; line supplies, \$314; posts, \$150; tools and hardware, \$50; office supplies and expenses, \$1,107; and automobile allowance for three inspectors, \$1,080.

The CHAIRMAN. Does this appropriation take care of the electrical equipment connected with the fire department?

Col. KUTZ. Yes, sir; for the maintenance of it, and of the police department equipment also.

The CHAIRMAN. I assume that is a large part of your expense.

Col. KUTZ. Yes, sir; this is the only appropriation we have for the maintenance of the system.

The CHAIRMAN. In view of the fact that this bill may not become a law before the 1st of June, will you need \$1,500?

Col. KUTZ. Yes, sir; I think we will. We can use it all advantageously.

#### PUBLIC SCHOOLS—NIGHT SCHOOLS.

The CHAIRMAN. For payment of teachers and janitors for night schools who rendered service during the period from January 29, 1921, to February 28, 1921, at the rate of pay they were receiving on January 28, 1921, this payment to be in addition to the nominal sum of \$1 which such teachers and janitors received during the fiscal year 1921, you are asking \$15,520. This is the amount you estimate you will require to pay those teachers who gave their services between

January 29, 1921, and February 28, 1921, and who were not paid for their services?

Mr. DONOVAN. Except the \$1. You will recall that the original appropriation for this purpose was \$60,000, and that it became exhausted on January 29, 1921. Between that time and March 1, when the first deficiency act for 1921 was passed, we had no money with which to continue the night schools. Under the deficiency act of March 1 you allowed \$15,000 more. The night-school teachers who served between January 29 and February 28 received the nominal sum of \$1 for such time as their services might be necessary. The purpose of this item is to pay them the regular night-school salaries for the month of February.

The CHAIRMAN. Why not pay them out of your appropriation of \$75,000?

Mr. DONOVAN. We can not because it is not available for the purpose, and for the further reason the entire appropriation has been spent.

The CHAIRMAN. Suppose we gave you the necessary additional authority?

Mr. DONOVAN. It would not be sufficient.

The CHAIRMAN. You have spent the money that we gave you for that purpose, and now you want us to give more.

Mr. DONOVAN. The deficiency appropriation was used to continue the night schools through the month of March and April.

The CHAIRMAN. That means that you would expend for this year \$90,000. You are going to have an appropriation of only \$75,000, and I suppose you will use that up, and about January 1 you will come back and ask for a deficiency. Why do you not allot your appropriation and spread it out so that you will have the night schools operated within the \$75,000 appropriated for the year?

Mr. DONOVAN. I think I can say for Dr. Ballou that he will stretch this money out so as to cover as long a period of night school service as possible, and if the appropriation is not sufficient to go beyond that period, he will close down the night schools, and not incur a deficiency.

The CHAIRMAN. The statute provides that he shall take that fund and so allot it by months that there will be no deficiency at the end of the year, and he has no right under the law to spend that fund the first month.

Mr. DONOVAN. I think you misunderstood me or I did not make myself clear.

The CHAIRMAN. I understood you to say that Dr. Ballou intended to take this fund and spread it out as the services were needed, then spend it, and when he had spent the money he would close the schools.

Col. KUTZ. No; he is going to determine in advance what can be accomplished within the appropriation, and then he is going to close the schools when that money is exhausted. His idea is not to incur a deficiency next year, and I think he regrets very much that the program this year was not arranged on that basis. I feel he wants to cooperate with you in just the way you intend he should.

The CHAIRMAN. Well, it is not cooperation with me or with any Member of Congress; it is simply to carry out the spirit of the law.

Col. KUTZ. I think he wants to do that.

The CHAIRMAN. It seems to me that many of the departments of the Government operate on the plan of giving the service what they think it demands irrespective of the amount of money carried for the service, on the theory that later they will come to Congress with a deficiency and that Congress will give them additional money. It seems to me that if \$75,000 is not enough and Dr. Ballou sees more work before him than can be done within the appropriation, and he thinks additional funds should be expended, that it is his business to come to Congress and make that showing before he enters upon an enlarged program. He should say, "Here is our program; we can not enter upon that program and do what we ought to do with this money, and I am not willing to violate the law by entering upon it as I think it ought to be entered upon until Congress indicates its willingness to have me enter upon it by appropriating additional funds." I think that if the executive officials will do that we will come to a more businesslike administration of Government affairs in all the departments.

Mr. DONOVAN. I would not like to have the record show that I have misrepresented Dr. Ballou's position.

The CHAIRMAN. You, perhaps, have stated it correctly.

Mr. DONOVAN. Because the view you take of it was not the view I intended to convey at all.

Col. KUTZ. He told me that if his advice was taken there would be no deficiency in the school estimates next year.

The CHAIRMAN. To how many people is this \$15,520.06 to go? It is all for salaries, as I understand it.

Mr. DONOVAN. Yes; and I have a list here which gives the names of the several teachers and the amount due each.

The CHAIRMAN. You may put that in the record.

Mr. DONOVAN. Very well.

*Statement showing amount due night school employees for services rendered during the period from Jan. 29 to Feb. 28, 1921, except as otherwise noted.*

C. W. Adams.....	\$44.80	J. J. Butcher.....	\$44.80
Henry Adams.....	43.32	A. W. Cardozo.....	44.80
H. Z. Alexander.....	44.80	F. L. Cardozo.....	100.80
Charles Allen.....	21.65	A. W. Carroll.....	30.33
C. Alston.....	67.20	Samuel Carroll.....	25.99
R. H. Ashton.....	44.80	Thomassine Carrothers.....	44.80
H. L. Bailey.....	44.80	Richard Carter.....	25.99
A. L. Ball.....	48.00	M. O. Chaney.....	48.00
J. D. Baltimore.....	67.20	W. C. Chase.....	44.80
R. E. Bell.....	48.00	J. L. Chestnut.....	44.80
Hilliard Berry.....	36.11	C. W. Childs.....	44.80
Robert Beverly.....	43.32	N. C. Bacchus.....	44.80
Harry Brady.....	21.65	A. M. Cobb.....	44.80
J. H. Briscoe.....	25.99	G. A. Coleman.....	67.20
C. E. Brooks.....	44.80	C. M. Collins.....	30.33
E. L. Brown.....	44.80	F. K. Cornish.....	42.00
E. N. Brown.....	67.20	W. E. Coursey.....	44.80
H. S. Brown.....	67.20	M. L. Cuney.....	44.80
J. H. Brown.....	30.33	M. W. Dean.....	36.11
J. T. Brown.....	67.20	Luther Dorsey.....	21.65
L. A. Brown.....	21.65	Z. E. Dyson.....	44.80
A. S. Browne.....	44.80	Ruth Edwards.....	44.80
O. V. Burke.....	44.80	C. L. Fearing.....	44.80
E. D. Burrell.....	67.20	L. R. Fears.....	44.80

<sup>1</sup> Feb. 1 to Feb. 28, 1921.

L. N. Fitzhugh.....	\$44.80	F. DeS. Smith.....	\$44.80
A. W. Francis.....	44.80	L. O. Talbert.....	44.80
E. S. French.....	44.80	E. W. Tancil.....	48.00
L. W. Giles.....	44.80	J. P. Taylor.....	53.33
C. A. Green.....	67.20	H. M. Thomas.....	<sup>1</sup> 15.40
N. L. Guy.....	100.80	H. W. Thomas.....	44.80
N. N. Hardy.....	44.80	N. H. Thomas.....	44.80
L. E. Harry.....	44.80	Louis Toliver.....	25.99
John Hawkins.....	21.65	J. O. Tyler.....	25.99
M. J. Hawkins.....	44.80	George Walker.....	25.99
W. L. Hawkins.....	44.80	J. A. Walker.....	44.80
G. E. C. Hayes.....	44.80	J. C. Webster.....	44.80
A. S. Holmes.....	67.20	E. P. Westmoreland.....	48.00
G. D. Houston.....	89.60	U. J. Wilkes.....	<sup>2</sup> 2.80
A. B. Hughes.....	44.80	W. R. Wilkes.....	44.80
J. B. Hunter.....	72.00	F. D. Wilkinson.....	44.80
May Irwin.....	44.80	J. F. N. Wilkinson.....	44.80
Clarzell Jenkins.....	25.99	R. B. Wilkinson.....	44.80
F. C. Johnson.....	44.80	A. V. Williams.....	67.20
M. V. Johnson.....	67.20	P. B. Williams.....	<sup>3</sup> 28.00
G. E. Jones.....	67.20	L. C. Wills.....	44.80
H. B. Jones.....	44.80	Florine Winthrop.....	44.80
J. J. Jones.....	48.00	G. S. Wormley.....	67.20
M. E. Jones.....	48.00	E. B. Young.....	44.80
S. L. Jones.....	36.11	B. F. Acher.....	30.80
S. A. Keys.....	67.20	D. L. Albaugh.....	44.80
E. L. Kinner.....	67.20	B. P. Aldridge.....	67.20
A. G. Knorl.....	100.80	Louise Ayres.....	14.93
E. H. Lawson.....	67.20	James Bailey.....	43.32
L. J. LeBrandt.....	67.20	M. H. Barnes.....	44.80
E. L. Lee.....	67.20	I. C. Barrows.....	44.80
C. O. Lewis.....	48.00	Margaret Bayly.....	44.80
M. W. Lewis.....	44.80	H. B. Bell.....	74.67
D. A. Lowe.....	36.11	C. A. Blume.....	75.60
C. E. Lucas.....	48.00	B. E. Bozman.....	48.00
T. T. McKenny.....	44.80	C. M. Bray.....	60.18
Christina Mack.....	21.65	M. C. Brown.....	25.60
S. W. Madden.....	67.20	J. E. Buckley.....	<sup>4</sup> 5.60
R. E. Martin.....	67.20	A. E. Burchard.....	44.80
Charles Matthews.....	25.99	Eda Burlack.....	30.80
V. E. Menard.....	44.80	R. C. Burns.....	44.80
J. I. Minor.....	44.80	H. H. Burroughs.....	134.40
J. E. Monroe.....	44.80	O. E. Burroughs.....	29.87
M. E. Nalle.....	48.00	Fannie Cassin.....	44.80
R. S. Netherland.....	100.80	S. J. Chalk.....	30.80
Nelson Newman.....	44.80	Bertha Christman.....	44.80
F. E. Parks.....	100.80	Marion Clark.....	48.00
E. F. G. Payne.....	44.80	Mary Clary.....	44.80
J. C. Payne.....	100.80	J. A. Clifford.....	43.33
Morgan Peyton.....	32.49	M. F. Clifford.....	44.80
C. B. Powell.....	44.80	Irving Coggins.....	48.00
L. M. Robinson.....	44.80	F. A. Colford.....	44.80
P. A. Roy.....	67.20	J. L. Collins.....	43.32
G. L. Sadgwar.....	100.80	C. E. Combs.....	44.80
M. E. Scott.....	44.80	A. A. Cook.....	44.80
R. C. Scott.....	30.33	Sybil Cooper.....	30.80
N. E. Sewell.....	48.00	S. C. Cousins.....	14.93
David Shanklin.....	25.99	C. R. Cox.....	30.80
F. J. Shipley.....	72.00	F. R. Culbertson.....	44.80
Henry Shippen.....	21.65	N. C. Curtis.....	44.80
E. P. Simmons.....	67.20	C. H. Davidson.....	60.67
L. H. Singleton.....	44.80	M. F. Dean.....	44.80
J. H. Smiler.....	36.11	L. M. Denit.....	30.80
A. L. Smith.....	100.80	G. R. Devitt.....	<sup>4</sup> 5.60
F. L. Smith.....	44.80	Natalie Diermier.....	74.67

<sup>1</sup> Jan. 29, 1921, to Feb. 9, 1921.<sup>2</sup> Jan. 21, 1921, to Jan. 31, 1921.<sup>3</sup> Feb. 11, 1921, to Feb. 28, 1921.<sup>4</sup> Jan. 29, 1921, to Feb. 2, 1921.

H. N. Dorman.....	\$44.80	E. W. Matthews.....	<sup>2</sup> \$5.60
E. K. Draper.....	32.00	S. J. Mauchly.....	44.80
G. E. Eaton.....	44.80	A. W. Miller.....	67.20
C. G. Eichlin.....	74.67	Harry Mills.....	75.60
F. S. Fairley.....	72.00	M. E. Mobberly.....	44.80
C. R. Farrington.....	44.80	Celesta Mosher.....	44.80
Estelle Fenno.....	67.20	D. J. Murphy.....	<sup>2</sup> 5.60
C. S. Fenton.....	44.80	M. F. Murray.....	<sup>2</sup> 2.80
Harry Fields.....	21.65	William Nailey.....	30.33
A. D. Figueroa.....	44.80	E. S. Newton.....	<sup>2</sup> 11.20
C. K. Finckel.....	100.80	M. M. O'Brien.....	44.80
L. N. Foss.....	44.80	M. R. O'Brien.....	67.20
J. M. Gantley.....	30.80	J. S. Oliphant.....	29.87
M. K. Gantley.....	30.80	E. A. O'Neil.....	36.11
E. C. Garrettson.....	44.80	V. E. Opdycke.....	<sup>1</sup> 2.80
Marie Gechwind.....	44.80	Irene Orndorff.....	30.80
M. M. Gleason.....	48.00	R. B. Parker.....	48.00
A. J. Greenlees.....	30.80	Joseph Parsons.....	36.11
C. M. Guyon.....	44.80	M. E. Pierpont.....	30.80
W. M. S. Hammers.....	30.80	Vincent Pryor.....	<sup>2</sup> 2.71
A. R. Hammond.....	44.80	O. H. Pursley.....	44.80
M. B. Hardy.....	44.80	O. F. Quier.....	44.80
E. O. Harned.....	44.80	M. A. Raftery.....	44.80
Elizabeth Harris.....	35.20	C. M. Ray.....	44.80
Charles Hart.....	142.80	Nora Ready.....	13.86
F. P. Hartstill.....	75.60	M. A. Reagan.....	44.80
A. S. Hazelton.....	48.00	Nellie Richards.....	44.80
M. C. Hawes.....	48.00	F. W. Richardson.....	112.00
L. M. Heron.....	120.00	E. R. Riley.....	44.80
J. E. Hill.....	<sup>1</sup> 2.80	C. W. Rippey.....	224.00
E. M. Hood.....	48.00	N. S. Rippey.....	74.67
H. P. Hoover.....	67.20	Leon Robbin.....	44.80
W. A. Horstkamp.....	44.80	Henry Robertson.....	52.00
L. M. Hunt.....	44.80	G. W. R. Rozier.....	27.81
W. P. Hutchinson.....	44.80	J. A. Rozier.....	21.65
D. C. Jackson.....	112.00	John Rozier.....	23.01
Alex Jenkins.....	21.65	John Ryan.....	36.11
C. A. Johnson.....	100.80	Rene Samson.....	44.80
G. M. Johnson.....	30.80	Jeanette Samuel.....	74.67
S. P. Johnson.....	44.80	J. M. Schaefer.....	29.87
E. H. Jonas.....	32.00	C. J. Schwartz.....	89.60
George Jones.....	44.80	C. H. Shipley.....	44.80
T. J. Jones.....	60.18	P. E. Shorb.....	44.80
L. V. Keathley.....	16.00	William Simms.....	43.33
Emma Kenny.....	36.10	C. L. Smith.....	44.80
S. T. Kimble.....	44.80	G. R. Smith.....	<sup>1</sup> 67.20
E. F. Kirby.....	<sup>2</sup> 4.96	J. A. Smith.....	48.00
J. J. Kirby.....	38.36	W. A. Smith.....	48.00
G. M. Lane.....	40.60	W. F. Smith.....	67.20
H. S. Linthicum.....	25.99	H. A. Sozlin.....	44.80
E. B. Lucas.....	75.60	V. M. Spence.....	67.20
F. E. Lucas.....	162.00	Nellie Stack.....	44.80
William McCloskey.....	72.21	C. L. Staples.....	44.80
F. L. McCrum.....	44.80	L. A. Stewart.....	<sup>1</sup> 2.80
M. T. McKenna.....	30.80	R. W. Strawbridge.....	112.00
M. A. McMahon.....	67.20	A. E. Sullivan.....	67.20
D. A. McNally.....	30.80	W. J. Tastet.....	<sup>1</sup> 2.80
H. F. McQueeney.....	54.15	J. J. Thomas.....	67.20
A. S. Maitland.....	29.87	A. C. Thompson.....	44.80
L. S. Mann.....	30.80	K. L. Thompson.....	14.93
E. C. Marlette.....	30.80	M. J. Trainor.....	36.11
A. J. Marsh.....	67.20	Riley Tunstal.....	25.99
R. G. Marsden.....	44.80	M. L. Underwood.....	44.80
Genevieve Mareh.....	29.87	Grace Vale.....	30.80
L. W. Mattern.....	100.80	F. S. Vermillion.....	64.99

<sup>1</sup> Jan. 29, 1921, to Jan. 31, 1921.<sup>2</sup> Jan. 29, 1921, to Feb. 2, 1921.

G. H. Walks.....	\$44.35	H. B. White.....	\$168.00
H. F. Waring.....	44.80	N. H. White.....	32.00
C. W. Warren.....	67.20	J. R. Wilcox.....	44.80
Albert Washington.....	<sup>1</sup> 3.25	B. L. Yoder.....	48.00
M. J. Watts.....	67.20	Francis Young.....	29.87
R. J. Werner.....	44.80	J. E. Zearfoss.....	44.80
E. C. Weston.....	53.25		
K. G. Whitcomb.....	29.87	Total.....	15,520.06
M. A. Whitson.....	<sup>2</sup> 2.80		

The CHAIRMAN. How do the amounts run?

Mr. DONOVAN. You can see from the list which I hand you.

The CHAIRMAN. I observe that most of them are for \$44.80; that would mean that their salaries for night schools would be about \$45.80.

Mr. DONOVAN. About that; yes, sir.

The CHAIRMAN. Do you know whether many of these were also teachers in the day schools?

Mr. DONOVAN. From recollection I should say that about 80 per cent are teachers in the day schools.

The CHAIRMAN. I notice that some of them receive \$100 per month. Were they teachers in the day schools?

Mr. DONOVAN. That is a question I can not answer, because the salaries are fixed by the board of education. I do not know which of those on the list are day school teachers and which are not.

The CHAIRMAN. How many hours do they teach at night?

Mr. DONOVAN. Two hours a night.

Mr. BYRNS. Five days in the week?

Mr. DONOVAN. The night schools are going six days in the week, but I do not know that all the teachers worked six days; some teachers worked two days, some three, and some five and six, the number of nights depending upon the buildings to which the teachers are assigned.

#### FOR CARE OF SMALLER BUILDINGS AND RENTED ROOMS.

The CHAIRMAN. For care of smaller buildings and rented rooms, etc., you are asking \$1,400. You had an appropriation of \$15,000. What is the state of your balances?

Mr. DONOVAN. The balance on the 6th of April was \$4,103.22. I may say that the schools are asking for this additional appropriation for this purpose: In the 1921 appropriation act Congress increased the rates that might be paid to the caretakers of smaller buildings and rented rooms from \$72 to \$96, and in the atypical and ungraded schools from \$108 to \$120, but a corresponding increase was not made in the appropriation to take care of the increase in rates, with the result the schools had to drop a number of caretakers for the smaller buildings and rented rooms, and impose their duties upon the janitors of regular school buildings.

The CHAIRMAN. The caretakers are really janitors?

Mr. DONOVAN. Yes; they are janitors, and have the smaller buildings and rented rooms to take care of.

The CHAIRMAN. They go from one small building to another?

Mr. DONOVAN. No; each janitor or janitress, as the case may be, has a certain building or a certain number of rooms to take care of. The purpose of this additional appropriation is to reinstate the

<sup>1</sup> Jan. 29, 1921, to Feb. 2, 1921.

<sup>2</sup> Jan. 29, 1921, to Jan. 31, 1921.

caretakers who had to be dropped on account of the insufficiency of the appropriation, and in this way relieve the janitors of the regular school buildings of the additional duties, which they really have not the time to attend to.

The CHAIRMAN. This is just for the night schools?

Mr. DONOVAN. No, for the day schools; we are speaking of day schools.

The CHAIRMAN. The schools will be closed by the time this bill goes into effect, so why put them on duty when they will have no duties to perform?

Mr. DONOVAN. The estimate of \$1,400 is based on two months' service from May 1 to June 30.

The CHAIRMAN. Then it would be retroactive for one month and pay them for a month during which they did not work.

Mr. DONOVAN. No; I mean to say that when the estimate was submitted provision was made for two months, on the assumption the deficiency bill would be law by the 1st of May.

The CHAIRMAN. This is to provided for additional employees, employees that are not now employed

Mr. DONOVAN. I would not call them additional employees, but rather restoring old employees.

The CHAIRMAN. But they are not now on the roll?

Mr. DONOVAN. No, sir.

The CHAIRMAN. What would happen if we did not put them on the roll?

Mr. DONOVAN. The regular janitors would continue to take care of the smaller buildings and rented rooms.

Mr. BUCHANAN. Did we not pay them a little extra to do that?

Mr. DONOVAN. Last year, I believe, there was an increase in the salaries of janitors.

Mr. BUCHANAN. Because they took care of these smaller buildings and rented rooms.

Mr. DONOVAN. This particular service did not enter into the reasons which were the basis for increases in salaries of janitors.

The CHAIRMAN. It would do no harm if this were not allowed.

Mr. DONOVAN. No; there will be no deficiency in the appropriation, but the school authorities desire to relieve the janitors on the theory that their time is needed in performing their regular duties.

#### REPAIRS AND IMPROVEMENTS TO SCHOOL BUILDINGS AND GROUNDS.

The CHAIRMAN. For repairs and improvements to school buildings and grounds you are asking \$15,000, and you had an appropriation of \$200,000. What is the condition of your balances?

Mr. DONOVAN. The last balance I have is April 6th, \$55,952.19.

The CHAIRMAN. You can not spend all of that this year, can you?

Col. KUTZ. Yes, sir; we can spend much more than that if we have the money. The most pressing repair needed to schools now is the replacement of the heating systems in six of the old buildings. We have a number of old furnace plants that have been patched up from time to time and are very old.

The CHAIRMAN. Hot air furnaces?



Col. KUTZ. Yes, sir. In the Adams School there was one of these old furnace systems and it was patched to the limit in order to keep it going, but it finally became so bad that they had to close the school. Fortunately it occurred about the Christmas holidays, and we ordered, by telegraph, a new furnace and put it in, so that there was very little loss of time occasioned. The cost of that replacement alone was \$5,000. These other six are almost in as bad condition as the Adams School.

The CHAIRMAN. Are you making replacements with hot-air furnaces?

Col. KUTZ. Yes, sir.

The CHAIRMAN. Do you consider that a sanitary method of heating schools?

Col. KUTZ. No; it is not as good as steam, but steam costs much more, and all we can do to-day is to replace them by the cheapest thing we can get. When we build new schools we do, as a rule, install a steam system. Take, for instance, the Petworth School and the West School; they were both heated with hot-air furnaces, but now we are putting in a steam heating system, a split system, large enough to care for the old as well as the new buildings.

The CHAIRMAN. We are going to tear down a lot of temporary buildings in the District very soon, and I suppose some of them will fall down if they are not torn down. They all have steam heating systems, and that being so, why could not those systems be used for these purposes instead of selling them for scrap and old iron, because that is about all we will get out of them.

Col. KUTZ. We bought for the Woodridge-Langdon School two of the boilers that had been bought for the navy yard buildings, near the Congressional Cemetery; those buildings were sold to a wrecker and we bought two of the boilers from that wrecker; we bought them at a very cheap price, but, of course, he made some money on them. If we could get them direct from the Government, there would be a saving, of course.

The CHAIRMAN. Why are you not now making a forecast of what is in some of these buildings that are going to be wrecked and letting the War Department know in advance that those things can be used in the District, so that you may be able to buy them before some one else gets them and charges a profit?

Col. KUTZ. Our appropriation has been so limited that we have not been able to buy much of anything in the way of boilers; we bought those two boilers out of the construction appropriation. We replaced the furnaces in the Adams School out of this appropriation. It is proposed to use the \$15,000, for replacing some of these antiquated heating systems, and I will be very glad to buy from the United States if they have any furnaces or boilers that they can spare.

The CHAIRMAN. Do you expect to use all of this amount for heating plants?

Col. KUTZ. Yes, sir; because that is the most pressing need.

The CHAIRMAN. When you got an increase from \$200,000 to \$225,000 for next year, was not that in anticipation of doing this same work?

Col. KUTZ. I think that very little of the \$25,000 will be available because we will have to pay more for labor next year than we paid

this year out of that appropriation. The bonus is wiped out on the 1st of July for all per diem employees. Now all of our employees under the repair fund have been getting their basic salaries out of this fund and then 76 cents a day out of an indefinite appropriation for the bonus. Unless their compensation is reduced by 76 cents a day the expenditures for labor out of this appropriation will be increased.

The CHAIRMAN. I think that if you simply turn around and pay out of this appropriation what some of these laborers formerly received in the way of bonus because of war conditions you will be doing what Congress never intended should be done. Congress realized that the producers of foodstuffs were selling their products at practically prewar prices, and that a man who had his wages increased because of war conditions had to commence to take a reduction in wage, because the cost of living was being reduced.

Col. KUTZ. We did not understand that it was the intention of Congress that all of the per diem employees should have their compensation reduced 76 cents a day on the 1st of July.

The CHAIRMAN. Possibly not; but it certainly was the intention that there should be a substantial reduction or Congress would have continued the bonus to those employees.

Col. KUTZ. We expect to do that, and we have not waited for the 1st of July in the case of the street-cleaning employees; we have already reduced them about 20 or 25 cents a day, and there may be another reduction on the 1st of July; but we will not be able to make the same reduction as to skilled labor that we will on common labor, because our carpenters, mechanics, and painters never have received as much as was paid outside.

The CHAIRMAN. Would it not be better for you to go ahead until July 1 comes and then find out what you can do in the way of making repairs and improvements, and then if you need additional money for next year come to Congress and ask for it? You are now coming to the end of the year, when you have a balance of \$55,000, and this deficiency is asked for the purpose of making improvements that would not be made until after the 1st of the fiscal year.

Col. KUTZ. Every year about this time we advertise for furnace castings and for repair parts to the heating systems, and that contract is usually made in May; it involves the expenditure of about \$20,000, and that will be paid in part out of this year's funds and part out of next year's funds. I do not know what is contemplated out of that \$55,000, but I know we are turning down requests from the Board of Education every week for repairs that we can not make. Last year we paid for all our furnace castings under this annual contract out of the last fiscal year; if we do not do the same thing this year, it will cause an added drain on next year's appropriations.

#### FUEL, GAS, ELECTRIC LIGHT AND POWER.

The CHAIRMAN. For fuel, gas, and electric light and power you are asking \$20,000, and you had an appropriation of \$165,000. What is the state of your balances?

Mr. DONOVAN. That appropriation, Mr. Chairman, is entirely exhausted. As a matter of fact, the commissioners have authorized the school authorities to incur a deficiency for fuel in an amount

not to exceed \$20,000. The appropriation, if you will notice, is available for fuel, gas, and electric light. To date we have obligated for fuel \$162,146, and for gas and electric light \$11,613, and we have actually incurred obligations for fuel in excess of the appropriation amounting to \$8,706.91.

The CHAIRMAN. When did that appropriation become exhausted?

Mr. DONOVAN. About the 29th of March, and on April 1 the Commissioners authorized a deficiency of not exceeding \$20,000.

The CHAIRMAN. So you spent at the rate of about \$16,500 a month, and you spent your money during nine months?

Mr. DONOVAN. No, seven months; as the schools are closed during July and August.

The CHAIRMAN. You do not use any fuel, any gas or electric light or power during the time the schools are not in session, do you?

Mr. DONOVAN. Yes, sir; in some of the buildings we do, in connection with community center activities. There is also the Franklin School, which is in use during the entire year.

The CHAIRMAN. If you spent all of the \$165,000 in seven months, \$20,000 would not be sufficient to run you for the rest of the year.

Col. KUTZ. The heating plants would not be operated during all of those months.

The CHAIRMAN. You mean, they would not be operated during all of the seven months?

Col. KUTZ. No.

The CHAIRMAN. The heating plants will not be operated to any great extent from this time on.

Col. KUTZ. No; probably not.

Mr. DONOVAN. I might say that this deficiency is, to a great extent, brought about as a result of the very significant increase in the price of fuel. In 1920 we paid \$9.20, while we are now paying \$12.19.

The CHAIRMAN. How about the gas and electric rates? Have you paid more this year than you paid last year?

Mr. DONOVAN. I think the electric rates have been increased this year over last year.

Col. KUTZ. They were increased and then decreased.

Mr. DONOVAN. The Government pays 70 cents for gas.

Col. KUTZ. The electric rate was slightly increased last fall to large consumers. In connection with the electric rates, we are tied up in the courts; the congressional rate was a 10-cent rate and the Utilities Commission fixed a rate of 8 cents in 1917, but that was enjoined in the courts and the difference between 8 cents and 10 cents is being impounded by the company; last fall we adjusted that rate and authorized an 8½-cent rate for the small consumers, and each month they are now impounding the difference between 8½ cents and 10 cents. They are still charging 10 cents and there is no way of telling whether we will get the benefit of that reduction or not, but if the commission wins its case in the courts there will be upward of \$2,000,000 to be distributed and, of course, the District will get some benefit from it.

The CHAIRMAN. Is the largest expenditure for fuel?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. How much did you expend for fuel?

Mr. DONOVAN. For fuel we have expended and obligated \$162,146, and for gas and electric light to date, \$11,613. I might say that the school authorities asked for a deficiency appropriation of \$27,500, but after going into the matter very carefully I suggested to the commissioners that I thought they might be able to get along with \$20,000, and the commissioners accordingly reduced the estimate from \$27,500 to \$20,000.

TRANSPORTATION OF PUPILS ATTENDING SCHOOLS FOR TUBERCULAR CHILDREN.

The CHAIRMAN. For the transportation of pupils attending schools for tubercular children you are asking \$350. That is for car tickets?

Mr. DONOVAN. Yes, sir; for the tubercular children attending the Hamilton School on the Bladensburg Road.

The CHAIRMAN. We have already given you \$500.

Mr. DONOVAN. That is true; we obtained \$500 in the deficiency act of March 1. The schools asked for an additional \$500, which the commissioners reduced to \$350, and the \$350 is based upon the street car transportation to be issued to the actual number of pupils attending the school.

The CHAIRMAN. How many pupils have you there?

Mr. DONOVAN. We have at the present time 85 pupils in attendance, 51 colored and 34 white, and this \$350 is to provide transportation for those 85 pupils.

The CHAIRMAN. Do they all take the transportation?

Mr. DONOVAN. I believe so.

The CHAIRMAN. Are they mostly the children of poor people?

Mr. DONOVAN. So I understand; yes, sir.

The CHAIRMAN. Do you conduct that school during the same months you conduct the public schools?

Mr. DONOVAN. I understand it is conducted for the regular school term. Mr. Oyster probably can tell you more about that.

Mr. OYSTER. I am so informed.

The CHAIRMAN. You think you actually need that amount?

Mr. DONOVAN. Yes; on the present enrollment. The additional \$150, desired by the schools, was to take care of a probable increase in enrollment.

The CHAIRMAN. How much have you left of the \$1,500 appropriated?

Mr. DONOVAN. I intended to note the balance, but failed to do so. However, I will put it in the record.

NOTE.—The appropriation is exhausted.

FOR INSTRUCTION OF BLIND CHILDREN.

The CHAIRMAN. For instruction of blind children of the District of Columbia in Maryland, or some other State, you are asking \$1,269.50, and you had an appropriation of \$8,500. What is the condition of your balances?

Mr. DONOVAN. The appropriation of \$8,500 is entirely obligated by contracts with the Maryland School for the Blind, the Pennsylvania Institution for the Blind, and the International Sunshine Society of New York City. While we have a clause in each contract

limiting the District's liability to the amount of the appropriation, the number of children at the rates allowed in the several contracts will call for an additional appropriation beyond the amount of \$8,500, of \$369.50. This item can be reduced to \$1,089.50, and probably more. The \$369.50 is to take care of existing contracts; that is an actual deficiency. \$720 is to provide for eight additional pupils from May 1 to June 30, at \$45 each per month.

The CHAIRMAN. How many pupils have you all told?

Mr. DONOVAN. At the present time we have one at the Pennsylvania Institution for the Instruction of the Blind at \$450 a year; one with the International Sunshine Society of New York at \$500 a year, and we allow a per capita of \$500 in that case because the child is not only blind but physically helpless as well; and we have 18 at the Maryland School for the Blind at \$450 a year, making a total of 20.

The CHAIRMAN. As a general rule, how long a course are these children given?

Mr. DONOVAN. About 10 months, with the exception of the International Sunshine Society.

The CHAIRMAN. That is, 10 months a year?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. But how many years?

Mr. WILSON. In general, the children that are about normal mentally go through the grades, and then those that have shown talents, particularly in music or in typewriting, are given special training. After 12 years of age they begin to give them training in something that will enable them to earn something when they leave.

The CHAIRMAN. If they are mentally capable then you do give them such training as will enable them to take care of themselves after they become grown?

Mr. WILSON. Yes, sir; a goodly number of those I have known about in former years are now in Washington and are self-supporting or very largely so.

Mr. BUCHANAN. So that they are educated for about 8 or 10 years?

Mr. WILSON. About that, on the average.

The CHAIRMAN. You say you have 20 all told?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. And you say you have some additional applications?

Mr. DONOVAN. The public-school authorities have eight applications; eight pupils awaiting admission as soon as we can get money enough to take care of them.

The CHAIRMAN. Is that what this is asked for?

Mr. DONOVAN. The amount of the item should be reduced from \$1,269.50 to \$1,089.50, which will take care of eight additional pupils for two months, as well as the deficiency of \$369.50 under existing contracts.

The CHAIRMAN. In view of the fact that this appropriation will not be available much before June 1, is it advisable to take those pupils on until next fall?

Mr. DONOVAN. I believe they can be taken care of next fall, because the appropriation has been increased from \$8,500 to \$10,000 for next year.

The CHAIRMAN. I was just wondering whether it would be a good idea to take a blind child away from his home for three or four weeks and then bring him back, and whether it would not be better to wait until the beginning of the year. Of course, a child that is afflicted in that way appeals to everybody, and I am sure Congress would want to do the thing that would be proper in regard to such a small expenditure of money, but the question in my mind is whether it would do a child any good at all to send him away for that short time.

Mr. DONOVAN. You will understand that the estimate submitted by the schools contemplated an appropriation for April, May, and June, three months. Under existing contracts we will owe on June 30, \$369.50.

The CHAIRMAN. You need that much?

Mr. DONOVAN. We need that amount to meet obligations under existing contracts, although I wish to repeat that the contracts contain a provision limiting the liability of the District to the amount of the appropriation.

The CHAIRMAN. If you find there is any different opinion with regard to sending those children away for a month I wish you would let me know.

Mr. DONOVAN. I shall be very glad to ask the superintendent of schools what his opinion is in regard to that matter.

NOTE.—The assistant superintendent of schools is of the opinion the eight additional or new cases may hold over until the beginning of the next school year, September, 1921.

Mr. BUCHANAN. Do these schools close in June, the same as the others?

Mr. DONOVAN. All with the exception of the International Sunshine Society School. I understand they are in operation about 10 months in the year; but in the case of the International Sunshine Society the child is cared for for 12 months because of its physical helplessness.

#### FIRE DEPARTMENT—CONTINGENT EXPENSES.

The CHAIRMAN. For contingent expenses of the fire department you are asking a deficiency of \$6,000.

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. What is the state of your balances?

Mr. DONOVAN. The balance is \$1,552.42.

The CHAIRMAN. As of what date?

Mr. DONOVAN. That was the balance on the 20th of April.

The CHAIRMAN. Why do you need such a large appropriation for the balance of this year?

Mr. DONOVAN. Although I have given you a balance of \$1,552.42, there are obligations outstanding which will materially reduce it, for instance, gas and electric-light bills. We do not know the amount of the vouchers for this service until the accounts are submitted for payment.

The CHAIRMAN. They would be small, though.

Mr. DONOVAN. Not for 46 engine houses. The fuel item alone would be a large item.

The CHAIRMAN. You do not use any gas, do you?

Mr. DONOVAN. In some of the buildings we have gas and no electric light. This appropriation is now exhausted when we take into consideration outstanding accounts for electric light, gas, and other items for which vouchers have not yet been rendered for payment.

The CHAIRMAN. Assuming that those exist and that you expended \$25,000 in 10 months; that would be \$2,500 a month, while for the next two months you are asking for \$3,000 a month.

Mr. DONOVAN. The commissioners have, as a matter of fact, authorized the fire department to incur a deficiency in this appropriation in an amount not exceeding \$6,000, because of the exhaustion of the appropriation. The appropriation of \$25,000 for the fire department is for the maintenance of 46 engine companies and department headquarters. This year we had to expend \$2,000 for printing a new running book and printing new regulations.

The CHAIRMAN. Do you pay for printing out of this appropriation?

Mr. DONOVAN. Yes, sir. I would like to insert a statement as to the larger items which we pay out of this appropriation. Printing and office supplies, \$3,162; engine-house supplies, such as soap, mops, brooms, cotton waste, \$2,938.44; chemicals, used in connection with the chemical apparatus, \$948.63; lubricating oils, \$1,359; we have already paid for gas and electric lighting \$5,157; horseshoeing, \$2,415; ice, \$859; laundry, \$1,473; hauling ashes, \$2,000, which latter item is estimated to take care of the entire fiscal year.

The CHAIRMAN. Do you have your own blacksmith shop where you shoe the horses?

Mr. DONOVAN. No; we send the horses to private shops.

The CHAIRMAN. Why do you not have your own shop?

Mr. DONOVAN. The fire department now has but few horses. I think the department is about 80 per cent motorized at this time.

The CHAIRMAN. But this is not the only activity of the District which uses horses.

Mr. DONOVAN. I do not know whether there would be justification for the establishment of a blacksmith shop or not. Col. Kutz probably could better answer that question.

Col. KUTZ. We have one at the repair shop, where we do the horseshoeing of horses used in that service, and we have the street-cleaning stables, where we have one horseshoer. I have never considered the question as to whether the horses of the fire department might advantageously be shod by those shops.

The CHAIRMAN. Do you know anything about the comparative cost in shoeing horses at your own shops and shoeing horses at private shops?

Col. KUTZ. No; I do not.

The CHAIRMAN. You will not need \$6,000 for the rest of this year, will you?

Mr. DONOVAN. That is a conservative estimate prepared by the chief of the fire department as to the amount that will actually be needed, and includes the purchase of additional lockers and engine-house equipment.

The CHAIRMAN. How much do you expect to spend for lockers?

Mr. DONOVAN. I believe in the neighborhood of \$1,500.

The CHAIRMAN. What kind of lockers?

Mr. DONOVAN. Steel lockers. When the two-platoon system went into effect the number of lockers were insufficient so that a great many members of the fire department have not the use of lockers at this time. The department is trying to put in a certain number each year, and unless we get an additional appropriation we will not be able to continue the practice this year.

The CHAIRMAN. Just what do you want to do? You want \$1,500 for lockers. What else do you want to do?

Mr. DONOVAN. I will read a memorandum submitted by the chief of the fire department:

In their estimates for the fiscal year in question the commissioners requested Congress to appropriate the sum of \$33,000 for the contingent expenses of the fire department, out of which appropriation the cost of maintenance of houses, laundry, gas and electric lighting, horseshoeing, etc., are paid. Congress reduced this estimate to \$25,000. By rigid economy the fire department has kept its expenditures at a figure which will approximate at the end of the year \$31,000. At the time of estimate it was desired to purchase lockers for the additional members of the department who were appointed when the two-platoon system was placed in effect. It has been impossible to purchase these lockers, but if the same had been bought, the expenditures made by the department from this appropriation would have been within a few dollars of the \$33,000 estimated and requested by the commissioners. Under present conditions it has been necessary to exercise the most strict economy, and it has been impossible to purchase many articles which are badly needed, such as bed linen, furniture, cap insignias, etc. Even if the deficiency appropriation requested is granted, it is doubtful as to whether or not these purchases can be made.

That is the basis on which the \$6,000 additional is requested.

#### FUEL.

The CHAIRMAN. For fuel you are asking \$6,000.

Mr. DONOVAN. That appropriation, Mr. Chairman, is also exhausted and the commissioners have authorized the department to incur a deficiency.

The CHAIRMAN. But warm weather is coming on.

Mr. DONOVAN. That is true. When we speak of fuel, we are not only speaking of coal and wood, but gasoline used in the motor apparatus. Up to the present time we have obligated for coal and wood for the fire department \$29,782.39, and for gasoline \$5,391.02. The appropriation is entirely exhausted.

The CHAIRMAN. When did it become exhausted?

Mr. DONOVAN. Toward the end of March. The recommendation, I notice for the deficiency, is dated the 31st of March.

The CHAIRMAN. Then you will need an appropriation for three months. You spent the \$35,000 in nine months?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. But the major part of it, almost \$30,000, was spent for wood and coal, and you will not need any wood and coal during the remainder of the year. You will need gasoline, but you only spent for that purpose \$5,391, which is on the basis of about \$500 a month. Therefore, you will need about \$1,500 for gasoline for the rest of the year assuming your expenditures for the remaining part of the year will be on the same basis as the first nine months. What do you need the other \$4,500 for? You do not need it for coal and wood although perhaps you need it some for April.

Mr. BUCHANAN. Unless there are some outstanding contracts unpaid.



Mr. DONOVAN. We are proceeding now under outstanding obligations.

Col. KUTZ. They may need some fuel in connection with the steamers. They have got a good many steamers for operating the pumps that are motor driven.

The CHAIRMAN. But you do not use very much fuel for that purpose. I assume the fuel that you use is to heat your engine houses.

Mr. DONOVAN. It is principally used in that way.

The CHAIRMAN. The amount of fuel you would use at a fire would be negligible as compared with the total expenditure, I should think.

Mr. DONOVAN. It is customary, Mr. Chairman, to carry on hand a reasonable quantity of fuel and gasoline.

The CHAIRMAN. But I had assumed you had that on hand at the end of March. Of course, you have got to carry on your fire department because that guarantees protection to the city, but on the showing of the department itself you had \$35,000 for the year, and that is largely spent for coal and wood, and we are now coming in to the warm season, and, assuming you had to spend some money for that purpose in April, you will certainly need nothing during the month of May.

Mr. DONOVAN. May I suggest that I have a statement from the chief of the fire department to show particularly why the \$6,000 is needed, especially with reference to coal and wood.

The CHAIRMAN. Yes; we will want a statement about that. I can see how you may need about \$1,500, but I do not see why you should spend \$6,000, unless you are going to buy some stuff for an accumulation.

Mr. DONOVAN. I am sure the chief of the fire department will be able to justify this item by a statement which I would like to insert in the record.

#### STATEMENT BY THE CHIEF OF THE FIRE DEPARTMENT.

In reply to your letter of the 3d instant, requesting a statement to go into the hearings before the Committee on Appropriations of the House of Representatives on the deficiency bill, relative to the deficiency appropriation of \$6,000 required by this department for fuel, 1921, I have to advise you that the deficiency in question was caused by the increase in cost of fuel from the time of estimate to the present time.

Costs of the several kinds of fuel used by the fire department are as follows:

Kind of fuel.	Prices Sep- tember, 1919.	Prices paid March, 1921.	Present prices.	Kind of fuel.	Prices Sep- tember, 1919.	Prices paid March, 1921.	Present prices.
White ash stove coal.....	\$9. 700	\$12. 690	\$12. 31	White ash nut coal.....	\$9. 800	\$12. 690	\$12. 48
Red ash stove coal.....	9. 900	13. 190	13. 09	Pine wood.....	19. 500	21. 300	21. 00
Run of mine coal.....	6. 450	9. 780	8. 50	Gasoline.....	. 225	. 285	. 25
White ash egg coal.....	9. 450	12. 490	12. 20				

From July 1, 1919, to May 1, 1920, the fire department used 19,060 gallons of gasoline, 2,734 tons of coal, and 37 cords of wood. From July 1, 1920, to May 1, 1921, the department has purchased 19,475 gallons of gasoline, 2,357 tons of coal, and 43 cords of wood.

## HEALTH DEPARTMENT—PREVENTION OF THE SPREAD OF CONTAGIOUS DISEASES.

The CHAIRMAN. For the health department, you are asking \$6,000 for the enforcement of the act to prevent the spread of contagious diseases, and for an increase on the limitation of personal services from \$25,000 to \$31,000.

Mr. DONOVAN. It is for that one purpose the \$6,000 is desired. We have enough money to get through the month of April with the pay roll for the contagious disease service and no more. Our present pay roll is \$3,000 a month, in round figures, and we will need this additional \$6,000 for May and June, and also authority to increase the limitation for personal services, as otherwise we would not be able to use it.

The CHAIRMAN. How does it happen it has increased so much this year over last year?

Mr. DONOVAN. The work of that branch of the health department has increased about 50 per cent over last year.

The CHAIRMAN. Why? You have not as many people in the District as you had last year.

Mr. DONOVAN. I do not know. We still have about——

The CHAIRMAN. You have more vacant houses now than you had last year.

Mr. DONOVAN. I would like to read a report from the health officer regarding this item.

The CHAIRMAN. It may all depend upon who is the health officer.

Mr. DONOVAN. The health officer is a man who had charge and supervision of this service before he became health officer.

The CHAIRMAN. Have you had a change in the head of the health office?

Mr. DONOVAN. Dr. Fowler has been in the health department a great many years, and before his appointment as health officer had been in charge of this particular service for many years.

The CHAIRMAN. I notice, however, there was a cut of \$5,000.

Mr. DONOVAN. Yes; in 1920 the appropriation was \$45,000, and in 1921 only \$40,000 was appropriated.

The CHAIRMAN. Was there any reduction in the limitation on personal services, or was the limitation of \$25,000 the same?

Mr. DONOVAN. The limitation continued the same in the two years under the \$40,000 appropriation and the \$45,000 appropriation. The amount of work has considerably increased.

The CHAIRMAN. Why? Have you increased the number of persons, or have you increased the salaries?

Mr. DONOVAN. May I give you an idea about that, Mr. Chairman? For instance, take smallpox alone; there have been nearly three times as many cases of smallpox this year as last year.

The CHAIRMAN. What did you pay out on account of smallpox.

Mr. DONOVAN. For food supplies for the smallpox hospital we paid \$2,046; for food supplies for the quarantine station we paid \$685.

The CHAIRMAN. I am trying to confine your statement to this item here of personal services.

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. You say the whole thing is confined to that one item and that you are limited to \$25,000. I do not care anything about the question of food supplies if that is not involved in this item.

Col. KUTZ. You have the number of employees and the rates of pay last year and the number of employees and the rates of pay this year.

Mr. DONOVAN. I can only give you here the employees now in that service, the regular employees and the employees who are used from time to time; and I can give you a comparison of the work required of this particular branch of the service in 1920 and 1921, which shows an increase of about 40 per cent in 1921 over 1920. Would you like to have a list of the employees with the salaries paid?

The CHAIRMAN. I want the number.

Mr. DONOVAN. We have 14 regular employees who are employed continuously throughout the year and 13 who are employed from time to time as their services may be needed.

The CHAIRMAN. Suppose you put in the record a comparative table showing just what you paid out, the number of persons employed out of this fund for the last fiscal year and the number that are paid this year with the salaries, so we can see about this appropriation. There is something wrong here some place. The health of the District has been as good this year, generally speaking, as it was last year.

*Employees of the contagious disease service, health department, District of Columbia, for the fiscal year 1920.*

#### REGULAR EMPLOYEES.

J. D. Bradfield, M. D., medical inspector.....	per annum..	\$2,000. 00
L. V. Dieter, Phar. D., bacteriologist.....	do.....	1,800. 00
Eva E. Melling, R. N., inspector nurse.....	do.....	1,200. 00
Katherine Douglass, R. N., inspector nurse.....	do.....	1,200. 00
W. F. Graves, clerk.....	do.....	1,200. 00
P. A. Carter, clerk.....	do.....	1,000. 00
Edw. Newman, chauffeur (ambulance driver).....	do.....	1,150. 00
Nathaniel Carter, chauffeur (ambulance driver).....	do.....	1,150. 00
Arthur Hudson, stableman.....	do.....	400. 00
Margaret Sheedy, skilled laborer.....	do.....	800. 00
William Repetti, janitor-nurse <sup>1</sup> .....	do.....	600. 00
Annie Repetti, matron-nurse <sup>1</sup> .....	do.....	1,200. 00
Harry Miller, janitor-nurse <sup>1</sup> .....	do.....	600. 00
Josephine Miller, matron-nurse <sup>1</sup> .....	do.....	1,200. 00
Geo. W. Smith, nurse-leper <sup>1</sup> .....	do.....	840. 00
Marie Smith, matron-leper <sup>1</sup> .....	do.....	360. 00

#### EMPLOYED AS THE EXIGENCIES OF THE SERVICE DEMAND.

Mary E. Couch, nurse.....	per diem..	\$3. 82
Geo. Miller, skilled laborer.....	do.....	3. 00
Martha Thompson, skilled laborer.....	do.....	2. 50
Rosa Singleton, skilled laborer.....	do.....	2. 50
Ada Jackson, skilled laborer.....	do.....	2. 50
Dr. R. S. Beale, medical inspector.....	do.....	5. 50

<sup>1</sup> \$600 when not in quarantine; \$1,200 when in quarantine.

Dr. D. T. Birtwell, medical inspector.....	per diem..	\$5. 50
Dr. C. R. Weirich, medical inspector.....	do....	5. 50
Dr. J. M. Ladd, medical inspector.....	do....	4. 00
Dr. J. E. Walsh, medical inspector.....	do....	4. 00
Dr. R. B. Brummett, medical inspector.....	do....	5. 00
Howard Fisher, M. D., medical inspector.....	do....	4. 00
Wm. A. Ward, watchman.....	do....	3. 00

*Employees of the contagious disease service, health department, District of Columbia, for the fiscal year 1921.*

## REGULAR EMPLOYEES.

Dr. J. D. Bradfield, medical inspector.....	per annum..	\$2, 000. 00
L. V. Dieter, Phar. D., bacteriologist.....	do....	2, 000. 00
Eva E. Melling, R. N., inspector-nurse.....	do....	1, 200. 00
Katherine Douglass, R. N., inspector-nurse.....	do....	1, 200. 00
Frank X. Armstrong, clerk.....	do....	1, 200. 00
Pauline A. Carter, clerk.....	do....	1, 000. 00
Edward Newman (chauffeur) ambulance driver.....	do....	1, 150. 00
Nathaniel Carter (chauffeur) ambulance driver.....	do....	1, 150. 00
Arthur Hudson, stableman.....	do....	400. 00
Margaret Sheedy, skilled laborer.....	do....	800. 00
William Repetti, janitor-nurse, smallpox hospital.....	do....	900. 00
Annie Repetti, matron-nurse, smallpox hospital.....	do....	900. 00
Harry Miller, janitor-nurse, quarantine station.....	do....	900. 00
Josephine Miller, matron-nurse, quarantine station.....	do....	900. 00

## EMPLOYED AS THE EXIGENCIES OF THE SERVICE DEMAND.

Mary E. Couch, R. N., nurse.....	per diem..	\$3. 82
George Miller, skilled laborer.....	do....	3. 00
Martha Thompson, skilled laborer.....	do....	2. 50
Julia Harrison, skilled laborer.....	do....	2. 50
Dr. R. S. Beale, medical inspector.....	do....	5. 50
Dr. D. T. Birtwell, medical inspector.....	do....	5. 50
Dr. T. B. Dixon, medical inspector.....	do....	5. 50
Dr. W. H. Talbott, medical inspector.....	do....	5. 50
Dr. J. E. Walsh, medical inspector.....	do....	5. 00
Dr. R. B. Brummett, medical inspector.....	do....	5. 00
Dr. Howard Fisher, medical inspector.....	do....	4. 00
Dr. John M. Ladd, medical inspector.....	do....	4. 00
William A. Ward, watchman.....	do....	3. 00

Mr. DONOVAN. Last year, from July 1, 1919, to March 31, 1920, as compared with the period July 1, 1920, to March 31, 1921, the department handled 857 cases of tuberculosis the first year as compared with 894 the second year; smallpox, 32 in the first year as compared with 81 this year; chicken pox, 1,371 last year and 911 cases this year; measles, 211 cases last year and 1,994 cases this year; whooping cough, 840 cases last year, 1,193 cases this year; diphtheria, 762 last year and 674 cases this year; scarlet fever, 720 cases last year and 733 this year; cerebrospinal meningitis, 8 cases last year, 6 this year; typhoid fever, 149 cases last year, 170 this year; poliomyelitis, 11 cases last year, 4 this year; pellagra, 10 cases last year and 2 this year. This gives an idea of the increase in the work of the service this year over last year.

The CHAIRMAN. The increase in service in reference to the cases of chicken pox, which is the big item, is negligible, because it is a disease that does not require very much service, and I can very easily see how you could swell figures of that kind in reference to that kind of a children's disease. Of course, when you come to smallpox or something of that kind, then you have a disease to deal with that requires

money to handle, but unless he has increased the pay or increased the force for handling some of these minor children's diseases to which as a general rule very little attention has been paid, I do not see why there should be this increase.

Mr. DONOVAN. The claim is made by the health officer that the necessity for this \$6,000 is due entirely to the increase in cases of smallpox, 32 last year as against 81 this year.

The CHAIRMAN. How many cases are there at present?

Mr. DONOVAN. That I do not know, but there have been 81 cases so far this year.

The CHAIRMAN. Do you have a pesthouse to handle those cases?

Mr. DONOVAN. Yes, sir; and is maintained out of this appropriation.

The CHAIRMAN. Do you know how much that cost this year as compared with last year?

Mr. DONOVAN. I can tell you how much we have paid out this year for food supplies but I have not the salaries paid.

The CHAIRMAN. Food supplies are not involved in this item.

Mr. DONOVAN. No, sir.

The CHAIRMAN. Confining ourselves to this item alone, I would like to know the reasons the health officer will need \$6,000 more this year than last year and why it is necessary to increase this limitation on personal services.

Mr. DONOVAN. I will get that information and insert it in the record.

#### STATEMENT BY THE HEALTH OFFICER.

The increased expenditure for personal service in the contagious-disease service during the present fiscal year was due to the increased prevalence of practically all contagious diseases, more especially smallpox. In the cases of smallpox that have occurred, a great many persons were exposed to the infection, necessitating the keeping of these persons under observation, and to do this it was necessary to employ additional service. Then again, scarlet fever made its appearance in some of the large institutions in this city, necessitating additional supervision and personal service to deal with the situation and to prevent the spread of the disease.

There has been no material increase in compensation paid for personal service, the increased expenditure over last year being due to the greater prevalence of contagious disease.

#### INSPECTION OF DAIRY FARMS.

The CHAIRMAN. For necessary expenses of inspection of dairy farms you want \$1,000. You have an appropriation of \$7,500. What is your balance?

Mr. DONOVAN. Our balance at the present time is \$181.18, which is exclusive of a balance of \$930.34, set aside to pay allowances to employees of the health department for furnishing conveyances in the performance of their official duties.

The CHAIRMAN. You have allotted for the rest of this year for this service all you can see now that you will need?

Mr. DONOVAN. Yes.

The CHAIRMAN. And then you have \$181 left and want \$1,000 more?

Mr. DONOVAN. The health officer has asked for \$1,000 more.

The CHAIRMAN. After allowing for every possible contingency he can foresee and then having a balance left of \$181, it seems to me he has a comfortable margin.

Mr. DONOVAN. Mr. Chairman, this appropriation is used in large part to pay travel expenses of inspectors inspecting dairy farms in the several States from which milk is shipped into the District of Columbia.

The CHAIRMAN. But you have made an allotment to cover that?

Mr. DONOVAN. The allotment is only for the maintenance of vehicles. Most of the traveling outside the District of Columbia, with the exception of near-by points in Maryland and Virginia, is done on the railways.

The CHAIRMAN. But I assume the health officer has set aside enough to pay the salaries of those inspectors.

Mr. DONOVAN. They are statutory employees and would not be paid their salaries from this appropriation. The allowances for vehicles are paid out of this appropriation, and we have set aside enough to pay the allowances for the balance of the year.

The CHAIRMAN. For those inspectors?

Mr. DONOVAN. Yes; but we have only \$181 to meet all travel expense and street car transportation for the inspectors of the health department until June 30.

The CHAIRMAN. How many inspectors have you?

Mr. DONOVAN. I will insert the number in the record.

*Statement showing employees in health department receiving allowance for maintenance of auto vehicle or horse and vehicle and who receive traveling expenses.*

Name of employee.	Designation.	Vehicle.	Amount per month.	Travel expenses allowed. <sup>1</sup>
Dr. Wm. C. Fowler.....	Health officer.....	Auto.....	\$30	
Dr. Jno. L. Norris.....	Assistant health officer.....	do.....	30	
Vacant.....	Chief bureau preventable diseases.....	do.....	30	
Dr. R. R. Ashworth.....	Chief food inspector.....	do.....	30	Yes.
Dr. H. V. Neale.....	Inspector of dairy farms.....	do.....	30	Yes.
Dr. John Rome.....	do.....	Horse and vehicle.....	25	Yes.
Dr. H. S. Drake.....	do.....	do.....	30	Yes.
Dr. Jno. B. McClellan.....	do.....	Auto.....	30	Yes.
Dr. James G. Courroy.....	do.....	do.....	30	Yes.
Dr. T. W. Sproesser.....	do.....	do.....	30	Yes.
Dr. H. J. Wittig.....	do.....	Horse and vehicle.....	25	Yes.
Dr. R. L. Martin.....	do.....	Auto.....	30	Yes.
J. Howard Ofenstein.....	Food inspector.....	Motor cycle.....	15	

<sup>1</sup> In addition to allowance for vehicle, where dairy farms are beyond reach of auto or horse and vehicle.

Mr. BUCHANAN. Some of them are local inspectors who live in the same community where the dairy farms are located.

Mr. DONOVAN. We have a few of that kind, six to be exact.

The CHAIRMAN. How does it happen you are going to need \$1,000 more this year than you have spent at any time heretofore?

Mr. DONOVAN. May I read a paragraph here from the report of the health officer:

Realizing the necessity for adequate funds for these employees, the Health Officer, in his estimates, asked for \$8,350. This was reduced by Congress to \$7,500, which has proved to be entirely adequate. The work of this branch of the service has expanded to such an extent that it has been found necessary to increase the number of inspectors assigned to the inspection of dairy farms, each of which is allowed, by the terms of the appropriation act, for the maintenance of a motor vehicle or horse and vehicle. Transportation charges, too, have increased; the cost of hire of vehicles and the hotel expenses when traveling in territories beyond the reach of motor vehicles

owned and operated by the inspectors being considerable in excess of what was paid in the last fiscal year. Street car transportation to the extent of \$985 has been paid from this fund already this year, and this also has been increased from 5 cents per token to 7½ cents, thus diminishing the number of street car trips available.

I think the health officer has endeavored to be somewhat conservative in this matter, and I would like to give you an idea of the way the money has been expended to date:

Street car fares, \$1,074.78; mileage books, \$780; travel expenses, \$2,059.18; and the balance of the expenditures has been paid in the form of allowances to inspectors for the maintenance of motor and other vehicles. I do not believe the inspectors will be able to get about and do very much inspection of dairy farms, and inspection of lunch rooms and other places calling for inspection with only \$181 for the balance of the year.

The CHAIRMAN. He ought to have taken that into consideration before he added these additional inspectors. When he found his estimate had been cut, he ought not to have immediately branched out and taken on additional inspectors.

Mr. DONOVAN. You understand, Mr. Chairman, we can get through the year without a deficiency, but the service must necessarily be curtailed.

#### POUND SERVICE—MAINTENANCE OF MOTOR VEHICLE.

The CHAIRMAN. The next item is for the maintenance of one motor vehicle for use in the pound service, \$400. You have an appropriation of \$600.

Mr. DONOVAN. Which was exhausted some months ago. We have used \$295.05 so far from the emergency fund to keep the truck in service. That is the pound wagon used for collecting dogs running at large, unlicensed and unmuzzled.

Mr. BUCHANAN. That service is more than self-sustaining?

Mr. DONOVAN. Yes, if you do not include the salaries; but just taking the upkeep of the pound wagon, it is more than self-supporting. We have so far this year collected \$2,664.75. We had to make a good many repairs on this truck a year or so ago. It was hit by an Army truck and the poundmaster killed. We have had very poor success with the machine since that time. So far this year \$458 has been spent for repairs, \$117 for gas and oil, and \$308 for tires and tubes.

The CHAIRMAN. What kind of truck is it?

Mr. DONOVAN. It is a heavy truck.

The CHAIRMAN. A Ford truck?

Mr. DONOVAN. It is a Lippard-Steward body on a 1913 Cadillac chassis.

The CHAIRMAN. If you have spent that much this year on it and expect to spend perhaps \$400 more in the next two or three months, had you not better get a new truck and discard this one?

Mr. DONOVAN. That might be the best solution.

The CHAIRMAN. How long have you had it?

Mr. DONOVAN. It was bought in 1915.

The CHAIRMAN. You do not propose to spend \$400 for maintaining this truck for one month, do you?

Mr. DONOVAN. The truck is on the go every day.

The CHAIRMAN. You must be using it for a joy wagon if you are spending anything like \$12 a day in maintaining it.

Mr. DONOVAN. It is used in an important service.

The CHAIRMAN. I am not questioning that at all, but you have had an appropriation of \$600 to maintain this truck, which is \$50 a month.

Mr. DONOVAN (reading):

The pound vehicle is again in need of considerable repairs including the installation of solid tires or the purchase throughout of oversize tires to take the place of those now on the vehicle.

The CHAIRMAN. Solid tires?

Mr. DONOVAN. Yes; it is desired to put on solid tires instead of those now on the vehicle. The weight of the car is such as to cause the tires to give way under the weight of the vehicle, and for this reason it is believed desirable to use solid tires.

#### MAINTENANCE OF DISPENSARY FOR TREATMENT OF PERSONS SUFFERING FROM TUBERCULOSIS.

The CHAIRMAN. For the maintenance of a dispensary or dispensaries for the treatment of persons suffering from tuberculosis and so forth, you are asking a deficiency appropriation of \$500. What is the state of your balances?

Mr. DONOVAN. The balance in the appropriation is \$1,889.91, which takes care of salaries as well as expenses.

The CHAIRMAN. This takes care of salaries as well as expenses?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. What is your monthly rate of expenditure?

Mr. DONOVAN. About \$1,200 a month during the past nine months.

The CHAIRMAN. If that is all the expense you have, then you have enough money in the appropriation.

Mr. DONOVAN. No, sir; we have not. I should have said that that was not quite nine months, but eight and one-half months, so it would be at the rate of about \$1,300 a month on the basis of past expenditures.

The CHAIRMAN. We gave you one deficiency of \$500.

Mr. DONOVAN. Yes, on March 1, and we thought that would be sufficient, but there has been such great demand on the dispensaries, the venereal disease and tubercular clinics, and this \$500 additional is due entirely to one thing, the necessity for purchasing salvarsan, which is used in the treatment of syphilis. The increased cost and increased demand for salvarsan is the real and only reason for the health officer asking for this additional \$500.

Mr. CANNON. They are making that now in this country?

Mr. DONOVAN. Yes; I understand so.

The CHAIRMAN. How many people are treated at these dispensaries, all told?

Mr. DONOVAN. I have not that information, Mr. Chairman.

The CHAIRMAN. Do you know whether it is an increase over last year or not?

Mr. DONOVAN. My recollection from the statement made at the time of the previous deficiency is that the increase is about 50 per cent over last year in the number of cases treated at the dispensaries.



## WRITS OF LUNACY.

The CHAIRMAN. The next item in which you are interested in is on page 21, in reference to writs of lunacy. You are asking for a deficiency of \$1,000 for expenses attending the execution of writs of lunacy.

Mr. DONOVAN. All of which is needed to pay the clerk of the Supreme Court of the District of Columbia for court expenses in lunacy inquisitions until June 30 next. This amount is based on a conservative estimate.

The CHAIRMAN. Is the salary of the clerk of the court dependent upon fees?

Mr. DONOVAN. No, sir.

The CHAIRMAN. Have we not made the appropriation for his salary?

Mr. DONOVAN. For the clerk of the Supreme Court of the District of Columbia, yes; but that is not a District item. That is provided for, I believe, under the legislative, executive, and judicial appropriation act. This is a fee charged the District of Columbia in each lunacy inquisition, and the items total about \$805 in each case.

Mr. BUCHANAN. Where does the fee go?

Mr. DONOVAN. Into the Treasury as miscellaneous receipts of the United States; turned in by the clerk of the court.

The CHAIRMAN. In other words, you pay it out of one window and it goes back into the Treasury through another window.

Mr. DONOVAN. I think it is desirable to pay charges of this character now than have them accumulate and be paid at some future date, as in the cases of certain moneys aggregating some \$2,000,000 which Congress in recent years charged against District revenues on account of some old debts.

Mr. BUCHANAN. Is this money credited to the District or to the United States?

Mr. DONOVAN. It goes into the Treasury as miscellaneous receipts of the United States. The District pays it and the United States gets it.

The CHAIRMAN. The appropriation was \$5,500 for this purpose; how much have you paid out?

Mr. DONOVAN. We have paid out, excluding the two items of salaries, all of the appropriation with the exception of \$344.85. The alienist is paid a salary of \$1,500 out of this appropriation, and his clerk, \$900 salary, both authorized by the terms of the appropriation act.

The CHAIRMAN. Then you do not need \$1,000.

Mr. DONOVAN. The \$1,000 is needed to pay the clerk of the court. The last month we paid him was February and his bill is usually about \$325 a month.

The CHAIRMAN. But you have run along for nine months of the year on \$5,500.

Mr. DONOVAN. We have only run on \$3,100, Mr. Chairman, because \$2,400 is set aside out of this appropriation at the beginning of the year to pay the two salaries, and we have only \$3,100 to use in dealing with the clerk of the court.

The CHAIRMAN. But after paying the clerk of the court and after paying for these writs for nine months you still have \$344 left.

Mr. DONOVAN. But we have not paid him for nine months. We have only paid him for eight months. We have paid at the rate of about \$325 a month, using February for the purpose of fixing the average monthly charge. March, April, May, and June will amount to \$1,300. We will need that amount, based on the February bill, which is about the average throughout the year, to pay the clerk of the court his full charges until June 30, and the \$1,000, together with the balance of \$344, will be required.

#### INCREASING WATER SUPPLY.

The CHAIRMAN. You are asking \$200,000 for increasing the water supply of the District of Columbia?

Col. KUTZ. Mr. Chairman, we realize that that is not a real deficiency, but in view of the great importance of increasing the water supply as soon as possible, and the fact that Congress at the last session passed a bill carrying this same item, which bill received a pocket veto, we think it should be resubmitted.

The CHAIRMAN. Was that the Army bill?

Col. KUTZ. Yes, sir.

The CHAIRMAN. Is it in the Army bill as reported?

Col. KUTZ. No, sir.

The CHAIRMAN. It was in the bill that went to the President, but it is not in the bill which was reported by the committee to the House a few days ago?

Col. KUTZ. No, sir.

The CHAIRMAN. It was eliminated from the Army bill upon the theory that it was a District item, and that there would be a deficiency estimate for it.

Col. KUTZ. Yes, sir.

The CHAIRMAN. You have had complete hearings on this matter, I take it?

Col. KUTZ. This matter was investigated by the Federal Power Commission at the direction of Congress. The Federal Power Commission made an investigation and compared the various suggested sources of supply, and reached the conclusion that the plan known as project E was not only the cheapest but the one that could be most quickly supplied, and the commission unanimously recommended that project to Congress. The commissioners have no responsibility for the control of the procurement of the water supply, but they are very much interested in seeing that an adequate supply be furnished, and, after their examination of the various projects, they concurred with the Power Commission in recommending project E.

The CHAIRMAN. Briefly, what is project E?

Col. KUTZ. It contemplates obtaining an additional supply from the Potomac by the construction of a second conduit leading from Great Falls to the Delacarla Reservoir. From that point the plan is not to parallel the present conduit, but it contemplates the erection of sand filter beds above the Delacarla Reservoir, and the pumping of the supply from that point to a new distribution reservoir in the northwest section, in the territory not far from the Bureau of Standards. Through the adoption of project E we will cut out a long section of supply line leading from Delacarla Reservoir first to

Georgetown Reservoir and then across town through a tunnel to McMillan Reservoir.

Mr. BUCHANAN. Where is McMillan Reservoir?

Col. KUTZ. It is south of the Soldiers' Home, on First Street. The Brightwood Reservoir is on Sixteenth Street. That is the reservoir that furnishes the supply to what is known as the second high service.

The CHAIRMAN. What is the present water supply?

Col. KUTZ. The average daily capacity is about 65,000,000 gallons. We have reached the limit of the capacity of the present aqueduct. In fact, for several years past we have been obliged to curtail the use of water in the summer time. We forbid absolutely the flushing of streets and sidewalks by individuals, and even curtail the use of water for sprinkling lawns to a few hours in the morning and evening.

The CHAIRMAN. What has been the daily consumption during the summer time for the last two years? Have you used the entire supply?

Col. KUTZ. Yes, sir.

Mr. BUCHANAN. What would be the total cost of this new enterprise?

Col. KUTZ. I think the estimate as submitted by the Federal Power Commission was between \$8,000,000 and \$9,000,000, but, of course, that was based on the prices existing at that time. In my judgment, the expenditure, extending, as it will, over a period of years, will be considerably less than that, because there will be a falling off in the price of labor and material.

Mr. BUCHANAN. Would it be 10 per cent less than that?

Col. KUTZ. I think the reduction will be considerably more than that.

Mr. BUCHANAN. It would be about \$7,000,000.

Col. KUTZ. I believe that before it is built prices will be at least 20 per cent less than they were when the estimates were submitted.

Mr. BUCHANAN. That would make it about \$7,000,000.

Col. KUTZ. Yes, sir, about \$7,000,000.

The CHAIRMAN. How much additional supply would be furnished by the adoption of project E?

Col. KUTZ. An equal quantity.

The CHAIRMAN. Sixty-five million gallons?

Col. KUTZ. Yes, sir. The proposed conduit is of the same size, or 9 feet in diameter, and it would have the same capacity.

The CHAIRMAN. What will it cost?

Col. KUTZ. The estimate submitted by the Power Commission was between \$8,000,000 and \$9,000,000.

The CHAIRMAN. That was on the basis of the costs prevailing as of what date?

Col. KUTZ. About January 1, 1921. The estimate was submitted to Congress in February, I think, of this year.

The CHAIRMAN. This \$200,000 is for what purpose—for the preparation of plans?

Col. KUTZ. For the preparation of plans and the initiation of the work. That is the amount which the Chief of Engineers of the Army, under whose supervision the work will be executed, estimated that he could advantageously spend in the first year.

The CHAIRMAN. How long will it take to prepare the plans?

Col. KUTZ. The initiation of the work will go ahead with the preparation of the plans. They would prepare the detail plans as rapidly as the work started, but there are certain lands that will have to be acquired.

The CHAIRMAN. This is not for acquiring lands, is it? This is for the preparation of plans, the initiation of the work, including the employment of the necessary engineers and technical services.

Col. KUTZ. As I understand it, that will include any work necessary to the execution of the project.

The CHAIRMAN. How much of this would be for the preparation of plans and how much for beginning the work?

Col. KUTZ. In my judgment, the preparation of the plans would not cost over from \$20,000 to \$25,000.

The CHAIRMAN. How long would it take to prepare the plans?

Col. KUTZ. The preparation of the detail plans would have to be preceded by some surveys in the field. In going through the hill from Great Falls to a point near the Anglers' Club, they would have to tunnel. They would have to tunnel far enough away from the present tunnel so as not to injure it, and that would necessitate surveys in the field and the making of borings to determine the character of the strata through which the tunnel would pass. The preparation of the detail plans might be delayed until that survey was finished.

The CHAIRMAN. What is the water rate now in the District of Columbia?

Col. KUTZ. It is \$5.62 per year for the minimum rate.

The CHAIRMAN. You do not have meters in all the places?

Col. KUTZ. We have about 85 per cent of the service metered, and we charge for water at the meter rate, but we charge them a minimum rate of \$5.62 per year, no matter whether they use the minimum quantity or only half of the minimum quantity. The present rate was increased on the 1st of July, 1920, by 25 per cent. Prior to that the minimum rate was \$4.50.

The CHAIRMAN. Did you also increase the metered rate?

Col. KUTZ. Yes, sir; every rate was increased.

The CHAIRMAN. By 25 per cent?

Col. KUTZ. Yes, sir.

The CHAIRMAN. That was the only increase made during the war?

Col. KUTZ. Yes, sir. The Congress directed an increase of not less than 25 per cent. We increased every rate 25 per cent.

The CHAIRMAN. How long will it take to build this addition to your system?

Col. KUTZ. I think the estimate was three years.

Mr. BUCHANAN. How long since the present system was constructed?

Col. KUTZ. It was built about the time of the Civil War. It seems to me it was initiated prior to the war, and finished after the war.

The CHAIRMAN. How large is that conduit?

Col. KUTZ. Nine feet in diameter.

The CHAIRMAN. Do you propose to duplicate that?

Col. KUTZ. Yes, sir.

The CHAIRMAN. This conduit would be approximately of about the same capacity?

Col. KUTZ. We will duplicate only that portion down as far as Delacarla Reservoir. There we depart from the present line and go directly up the hill, by the most direct route, to the territory which is demanding additional water.

The CHAIRMAN. How large will that conduit be?

Col. KUTZ. I think they contemplate at the present time building a 5-foot conduit there.

The CHAIRMAN. Will that be sufficiently large?

Col. KUTZ. It will be sufficiently large to supply directly that territory. The rest of the water would probably go through the other route.

The CHAIRMAN. Is that to be of reinforced concrete?

Col. KUTZ. Yes, sir.

The CHAIRMAN. Of what material was the old one constructed?

Col. KUTZ. Of concrete, lined with brick. This would be a reinforced concrete section, and in lieu of duplicating the Cabin John Bridge the water would be carried under the valley in a siphon.

The CHAIRMAN. Would that be a gravity flow?

Col. KUTZ. Yes, sir; a gravity flow as far as Delacarla.

The CHAIRMAN. How about the 5-foot section?

Col. KUTZ. It would have to be pumped to that section.

The CHAIRMAN. Where would you install the pumps?

Col. KUTZ. At Delacarla. The power plant would be built on the line of the Baltimore & Ohio Railroad, near the head of the Delacarla reservoir, where we could get coal at considerably less price than we get it at the present pumping station where it must be hauled by trucks.

The CHAIRMAN. You would not dismantle the present pumping station?

Col. KUTZ. No, sir.

The CHAIRMAN. You will leave that to supply other territory?

Col. KUTZ. Yes, sir; but that will be relieved of some of the burden that is placed on it now, and there would be a less consumption of coal. We would supply through the new plant what we could.

Mr. BUCHANAN. If I understand you correctly, you can not afford to cut the water off long enough to go through the old conduit and repair it?

Col. KUTZ. We could cut it off, but only for short periods of time. I have been through several sections of it myself, and minor repairs can be made, but you can not make any extensive repairs because the reserve supply is not sufficient. It is only enough to last two or three days.

#### CHARITIES AND CORRECTIONS—NATIONAL TRAINING SCHOOL FOR GIRLS—FOR GROCERIES, PROVISIONS, LIGHT, FUEL, ETC.

The CHAIRMAN. The next item is, "Charities and corrections, National Training School for Girls: For groceries, provisions, light," etc., \$5,000. The appropriation this year is \$25,000. Why do you need the \$5,000 additional at this time?

Mr. WILSON. Mr. Chairman, there has been a considerable increase in the number at that institution.

The CHAIRMAN. How many have you now?

Mr. WILSON. The average up to the 1st of April was 115 this year. The CHAIRMAN. How does that compare with last year?

Mr. WILSON. We had 106 for the whole of last year. On April 25 the number was 121. The appropriation has been actually expended and the commissioners found it necessary to authorize a deficiency.

The CHAIRMAN. You have no balance?

Mr. WILSON. No, sir. The amount expended in excess of the appropriation is already \$1,976.31, obligations incurred. Of course, we are obliged to continue this institution, because the girls are committed by the courts.

The CHAIRMAN. That is for what date?

Mr. WILSON. That is practically through the month of April.

The CHAIRMAN. Then you will have two months more?

Mr. WILSON. Yes, sir; but the amount required for those two months we estimate, as you will notice, that we will need less than the average, because there will be no fuel. This is an increase which we can not control. It was entirely unexpected.

The CHAIRMAN. This school is entirely for girls from the District of Columbia?

Mr. WILSON. In fact that is true. I think under the law it might be possible for a Federal court to send a girl there if the trustees would receive her, and during the war, to a very limited extent, that was done. It is not so now.

The CHAIRMAN. At the National Training School for Boys they come from all over the country?

Mr. WILSON. That is a Federal institution operated by the Federal Government. This institution is operated by the District. It is the reverse.

The CHAIRMAN. If you have a deficiency already of about \$2,000, will you need the \$5,000 for the months of May and June for light, provisions, etc.?

Mr. WILSON. We need more than that; but the commissioners said, "You must use up all supplies on hand, cut it to the minimum."

The CHAIRMAN. Have you a large amount of supplies on hand?

Mr. WILSON. No; we are depleted. We are at the point where the commissioners will not pass anything that is not needed immediately.

The CHAIRMAN. Do they raise their own vegetables?

Mr. WILSON. In a very large measure. Although they are only girls, they do very good work on the farm as well as inside.

The CHAIRMAN. Where is this school located?

Mr. WILSON. It is located on the Conduit Road, at the District line, near the reservoir.

The CHAIRMAN. Is this school for white or colored girls?

Mr. WILSON. Both. There are about 20 to 25 white girls, and the others are colored girls.

#### TUBERCULOSIS HOSPITAL—FOR PROVISIONS, FUEL, FORAGE, ETC.

The CHAIRMAN. For the tuberculosis hospital, for provisions, etc., you are asking a deficiency of \$3,000. You have an appropriation this year of \$52,000. What is the state of your balance?

Mr. WILSON. We had at the close of the month \$1,033.01. That deficiency is due practically to the same reason. I am glad to say that in only two or three institutions out of the large number this year we have had to have a deficiency, whereas in the preceding three years they were pretty general, but in these two institutions the population has increased considerably. For instance, we have an average of 117 as against 109. You will notice again that the average expenditures for the month were considerably in excess of what we are asking for the remaining two months.

The CHAIRMAN. What does it cost per year for a person, for fuel, provisions, etc.?

Mr. WILSON. I can tell you exactly, Mr. Chairman. At the tuberculosis hospital the whole food bill, meats, flour, groceries, etc., was an average of 93 cents a day in the past year of 1920. This year it will be about the same and next year quite a little less, judging from the contracts which are now coming forward. The food list is very much higher than it was, but will be lower next year.

The CHAIRMAN. I should think that it would be less this year than last year.

Mr. WILSON. No, sir; because the District made contracts and we have to pay those contract prices for the balance of the year. We gained a great deal during the first year of the war and the merchants lost heavily by these yearly contracts.

The CHAIRMAN. Will you need \$4,000 for the months of May and June?

Mr. WILSON. Yes, sir. Mr. Chairman, that is considerably less I think, than we used other months.

The CHAIRMAN. Yes; but you have no fuel for those two months, and that would be a big item.

Mr. WILSON. That gives \$2,000 a month. When you take the fuel out of that you will find—

The CHAIRMAN. How much is the fuel?

Mr. WILSON. We have that item here exactly. For the fuel item the average is 11 cents against 93 cents for the food. Of course, we have the laundry and clothing, but they are minor items. The rate for the last two months is wholly under the rate at which we have been living for 10 months.

#### BOARD OF CHILDREN'S GUARDIANS—MAINTENANCE OF FEEBLE-MINDED CHILDREN.

The CHAIRMAN. Under "Child-caring institutions, Board of Children's Guardians; for maintenance of feeble-minded children (white and colored)" you are asking \$2,000. You have an appropriation of \$35,000. We have already given you a deficiency of \$2,500?

Mr. WILSON. Yes, sir. The estimated deficiency at the time that was submitted, as the auditor reminds me, was \$5,500. You realize, Mr. Chairman, that these children come to the Board of Children's Guardians and not to the Board of Charities. There is a Board of Children's Guardians that is the public guardian of every dependent child committed by the courts and that they can not control the number. In the case of the feeble-minded, of course, they do not become self-sustaining.

The CHAIRMAN. How long do they retain them, until they reach what age?

Mr. WILSON. In the case of the feeble-minded there is no age. They do not mature under the law, it is indefinite.

The CHAIRMAN. Then, some of the people who are inmates there are well along in years?

Mr. WILSON. We have a few over 50 years of age. The great majority do not live that long.

The CHAIRMAN. How many have you?

Mr. WILSON. They have now exactly 100.

The CHAIRMAN. And how many last year?

Mr. WILSON. The number goes up and down. It has averaged around about 100 to 120. It varies a little. They are not always classed as feeble-minded children. The board of children's guardians has over 2,000 dependents and some of them come in infancy when they are not classed as feeble-minded. Feeble-mindedness will make itself manifest likely between 6 and 8 years, possibly earlier, but many times not before 6 or 8 years, about school age. So they pass over from one class to another. As you understand, we only make very inadequate provision for the care of these children. No State has institutions sufficient to accommodate them and we can only board a few of the better grades. There are over 200 in the insane hospital classed as insane, which is very costly.

The CHAIRMAN. Where are those cared for out of this appropriation?

Mr. WILSON. We have the Pennsylvania Training School at Elwyn, Pa., which has the larger number, about one-half of them.

The CHAIRMAN. Are they placed in these institutions under contract?

Mr. WILSON. Yes, sir.

The CHAIRMAN. What do you pay, as a general rule?

Mr. WILSON. The rate is \$25 a month, \$33.33 a month, and \$40. There are a few in private family boarding homes at \$22 a month.

The CHAIRMAN. The amount you require, as I understand, is dependent upon the number of children that have been committed by the courts to the board of children's guardians?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Are you paying any more this year than last year to the same institutions?

Mr. WILSON. Just about the same. It was increased very considerably last year and the year preceding, so that the rates are just holding about firm along the line.

The CHAIRMAN. You have no institution of this kind in the District of Columbia?

Mr. WILSON. No, sir. There is a bill pending, with very great sentiment behind it, to provide for them. The fact is that we have nearly 200 children in the insane hospital to-day, some of them as young as 12 years of age.

The CHAIRMAN. They are cared for out of another appropriation?

Mr. WILSON. Yes, sir. In addition to those, we have 789 people sufficiently defective to require some degree of care and to be in institutions of supervision, and then we have some in the insane asylum and others, a few, in private family homes.



The CHAIRMAN. Based on the present number committed to the board, can you state how much money you will need for the rest of the year?

Mr. WILSON. We will need the \$2,000. Allowing for an estimated payment by relatives of \$800, we will use this year \$40,300, and last year we used \$40,483.75. The condition of the expenditure at this time is just about the same as it was, and of course 10 months have gone. Nothing but death would make a variation, and that would be very small in the 2 months. This deficiency is of a character that it would run up anyhow if the money was not available temporarily; we can not control it.

BOARD AND CARE OF CHILDREN COMMITTED TO CARE OF BOARD.

The CHAIRMAN. The next item is "For board and care of all children committed to the guardianship of said board by the courts of the District," etc., for which you are asking a deficiency of \$5,000.

Mr. WILSON. Yes, sir. Mr. Chairman, in a general way the number of children we have, about 2,000, has increased only very slightly in recent years. We hope we have reached nearly the maximum. The time has come when some of the children are going out by maturity—that is, the normal children. Of course, with the growth of the population they are likely to come in a little faster than they pass out, but according to the estimate for the first half of the last year it is running practically about the same.

The CHAIRMAN. You must be paying the same rates that you paid last year?

Mr. WILSON. Just about the same this year as last year.

The CHAIRMAN. It is not costing as much for food as it did last year?

Mr. WILSON. Within the past few months it has not, but under the contracts and agreements which have been made we will not get any concession until the end of the year.

The CHAIRMAN. How many children have you now that are paid for out of this appropriation?

Mr. WILSON. There is a total number of 622 children paid for out of this appropriation. We have a good many in private homes.

The CHAIRMAN. How many of them are in sectarian institutions?

Mr. WILSON. I can give you the distribution on the 1st of April, 1920. Of course, it varies from day to day.

The CHAIRMAN. I understand.

Mr. WILSON. Forty-five. I have here a statement showing the distribution.

The CHAIRMAN. That can be incorporated in the hearing.

(The statement referred to by the chairman follows:)

*Distribution, Apr. 20, 1921.*

	Permanent and temporary wards, not in- cluding those classed as feeble-minded.	Feeble-minded, including per- manent and temporary wards.
Boarding homes.....	500	15
Children's Temporary Home.....	62	
Gundry Home and Training School.....		32
House of the Good Shepherd, colored, Baltimore.....	5	
House of the Good Shepherd, white, New York.....	1	
House of the Good Shepherd, white, Washington, D. C.....	7	
House of Mercy.....	9	1
Industrial Home for Colored Girls, Melvale, Md.....	14	
Jewish Foster Home.....	2	
Pennsylvania Training School.....		34
St. Frances de Sales Institute.....	1	
St. Mary's Industrial School.....	15	4
St. Michael's Home.....	1	
St. Vincent's Female Orphan Asylum.....	1	
Storer College.....	2	
Training School at Vineland, N. J.....		14
Working Boys' Home.....	2	
National Colored Home.....	1	1
Washington Home for Foundlings.....	2	
Hospitals.....	38	9
Industrial Home School.....	74	2
Industrial Home School, colored.....	66	20
Apprenticed and wages.....	95	7
Indenture.....	10	
Trial for adoption.....	62	
Free with relatives and friends.....	626	23
Absconders.....	212	10
<b>Total.....</b>	<b>1,811</b>	<b>172</b>

The CHAIRMAN. How about the difference in cost for the support of these children, does it cost about the same for those who are supported in this institution?

Mr. WILSON. It varies very little; from nothing up to about \$25 a month.

The CHAIRMAN. That is the maximum?

Mr. WILSON. Of the normal children, not the feeble-minded children. Out of the 2,000 only 622 are of any expense at all, the others are in private homes or where they are earning something. Quite a number are doing that and they receive the money at maturity.

The CHAIRMAN. You have committed by the courts 2,000 children, not including those who are feeble-minded?

Mr. WILSON. Yes, sir. We have under guardianship 2,000. Of course, you understand that those committed remain under guardianship until they reach the age of 21, unless released by the court.

The CHAIRMAN. How many have been released by the court, any of the 2,000?

Mr. WILSON. Within the year they come and go. I could tell you exactly how it is during the year and that would give you an idea.

The CHAIRMAN. I think I misunderstood you. You have 2,000 under guardianship?

Mr. WILSON. Yes, sir; but they are coming and going at the rate of about—the permanent wards are about 230 a year coming in and we have probably 500 other temporary cases that we take care of pending investigation.

The CHAIRMAN. You have about 1,200 who are in free homes where you do not pay anything at all?

Mr. WILSON. Yes, sir.

The CHAIRMAN. And 622 are in correctional institutions?

Mr. WILSON. Yes, sir; correctional institutions, and more of them in institutions for dependents only.

The CHAIRMAN. How much money have you left for the rest of this year?

Mr. WILSON. \$35,431.74 available on April 1.

The CHAIRMAN. With all bills paid?

Mr. WILSON. No; there will be many bills for April. We figured it out very closely on April 5.

The CHAIRMAN. I wish you would figure out and put in a statement, up to date, for the present membership with the present rates of pay, so that we can see the situation. You have \$35,000 left and unless you have a whole lot of outstanding bills, it seems to me you have been figuring pretty liberally when you estimate that you will require \$5,000?

Mr. WILSON. I will be glad to carry it through April.

The CHAIRMAN. Very well.

Mr. WILSON. The April bills have not yet been received and audited, but they will be about the same as the March bills.

Total appropriation (including deficiency, already made).....	\$175,000.00
Spent to Mar. 31.....	140,618.38
Balance.....	34,381.62
Estimated income from relatives, paid by order of court.....	6,500.00
Total available.....	40,881.62
Estimated deficiency.....	5,000.00
Amount required for 3 months.....	45,881.62

The number of children now on expense (Apr. 25, 1921) are as follows:

STATEMENT SHOWING MONTHLY RATES FOR BOARD AND CARE AND TOTAL NUMBER CARED FOR FROM APPROPRIATION.

Feeble-minded:			Monthly rates for board.	
Boarding homes—				
White.....	5}			\$22. 00
Colored.....	15}			
Institutions—				
White.....	78}	{ 32 at.....		25. 00
Colored.....	2}	{ 34 at.....		33. 33
		{ 14 at.....		40. 00
Board and care:				
Boarding homes—				
White.....	191}	{ \$20. 00		Mostly... 20. 00
Colored.....	309}	{ 21. 00		
		{ 22. 00		
		{ 25. 00		
Institutions—				
		{ 64 at.....		25. 00
		{ 15 at.....		20. 00
		{ 2 at.....		16. 67
White.....	38}	{ 1 at.....		14. 00
Colored.....	84}	{ 3 at.....		13. 00
		{ 19 at.....		12. 50
		{ 17 at.....		8. 33
		{ 1 at.....		9. 00

Total number of feeble-minded (cared for from appropriation):	
White.....	83
Colored.....	17
	<hr/>
	100
Total number cared for from appropriation for board and care:	
White.....	229
Colored.....	393
	<hr/>
	622

## INDUSTRIAL HOME SCHOOL—FOR MAINTENANCE, ETC.

The CHAIRMAN. For the Industrial Home School, you are asking \$5,000. Five thousand dollars seems to be a figure that you have adopted in these estimates. It is constantly recurring.

Mr. WILSON. When we made this estimate for the first deficiency, I think it was \$8,000. We have worked very hard on the matter since then and we have cut it down. I do not want you to feel that we have been able to save that in the expenditures, because we have not, but at the institution we have a little industry, particularly that of raising flowers. We have had a very good season through the Easter period, and we have sold up to date this year something over \$7,000 worth of flowers, which income is available for the maintenance of the institution.

The CHAIRMAN. Where is this institution?

Mr. WILSON. On Wisconsin Avenue, on land adjacent to the Naval Observatory.

The CHAIRMAN. How many people do you have there?

Mr. WILSON. From 110 to 120. The number varies from day to day.

The CHAIRMAN. Is the number increasing?

Mr. WILSON. It is not materially increasing.

The CHAIRMAN. But the expense is increasing.

Mr. WILSON. The way that came about was very largely due to an aftermath of the war, and a change in the organization of the school, and a change in the method of handling children by the Board of Children's Guardians. The institution was very greatly depleted, and there was a reorganization by the commissioners and a new board of trustees appointed. The new board of trustees went into it and found that it was deficient in nearly everything. Then the Board of Children's Guardians no longer keeps normal children boarding at institutions for any length of time, but they put them into private family homes as soon as possible, or as soon as they can be cleaned up and straightened up and as soon as they can find suitable places for them to go. It costs a good deal in the matter of clothing and that sort of thing before they go out to the homes. The increase for clothing was very heavy, and the appropriation there has been exhausted for some little time. In fact, they have obligated \$3,363.45 beyond the appropriation.

The CHAIRMAN. You have spent all of your money and you have obligated yourself for that much more?

Mr. WILSON. Yes, sir. There are still two months to come in the present fiscal year, and estimating that at a smaller amount than the average expenditures, it will exceed by a little the \$5,000 that is estimated for.

The CHAIRMAN. You will not have anything more from flowers?

Mr. WILSON. We will have very little. We may have another three or four hundred dollars from that source. We forced our flowers to have them ready for the Easter season, and we are now looking to the fall season. We do not have much for the summer. This is a very close estimate, and has been gone over in great detail. I believe that the board of trustees have done the best they could, and they were proud to come in with a reduced estimate after 90 days. The amount requested is the smallest possible to properly maintain the school.

INDUSTRIAL HOME SCHOOL FOR COLORED CHILDREN—FOR ADDITIONAL  
AMOUNT REQUIRED FOR ERECTION OF COTTAGE.

The CHAIRMAN. For the Industrial Home School for Colored Children, you are asking \$10,000 as the additional amount required for the erection of one cottage to accommodate 25 or more boys. Was an estimate made for that in the last deficiency bill?

Col. KUTZ. The erection of this cottage was authorized a number of years ago, or in the fiscal year 1918, and \$15,000 was appropriated. The rapid increase in prices at that time made it impossible to build the cottage for that amount, and we are asking at this time for an additional sum of \$10,000 to enable us to go ahead with that approved project. They have not sufficient capacity down there to accommodate the boys, and quite a number of them are now being accommodated in a private home in Anacostia, concerning which there is a great deal of complaint, because the home is in a more or less white neighborhood. We are anxious to get the boys into the Federal institution as rapidly as we can. This cottage, I think, will have a capacity of about 20 or 25 boys. We now have four cottages down there, so this will add only one more cottage to the existing institution. It will not increase the overhead but will increase the capacity.

Mr. BYRNS. Where is this institution located?

Col. KUTZ. On the reservation known as Blue Plains, in the extreme southerly corner of the District, on the bank of the Potomac, just south of Giesboro Point and south of the Washington Steel & Ordnance Co.'s plant.

Mr. BUCHANAN. How many inmates are there now?

Col. KUTZ. There are about 100 there.

Mr. WILSON. There are between 90 and 100 down there. I might say that this school has proved to be a most admirable institution. Everybody who has seen it says that it is doing splendid work. It is for colored children only, and it is the only institution here under the Government that is administered wholly by colored people, from the superintendent down, and there is no institution we have, either white or colored, that is rendering more satisfactory service.

Mr. BUCHANAN. How long have you occupied those rented quarters?

Mr. WILSON. We do not occupy them. A woman conducts that school as a private enterprise, and charges the District a certain rate. She formerly occupied quarters at Howard University, but they were anxious to get her away from there, because they needed the quarters. She has purchased this place at Anacostia.

Mr. BUCHANAN. How much do you pay her?

Mr. WILSON. \$25 per month.

Mr. BUCHANAN. For each person?

Mr. WILSON. Yes, sir.

Mr. BUCHANAN. How many does she have?

Mr. WILSON. About 60.

Mr. BUCHANAN. She must have a large place.

Mr. WILSON. She has a big place. It is the old Douglas estate, a property which belonged to a former prominent colored citizen. This is the old Douglas estate in Anacostia or it is adjoining the Douglas estate.

The CHAIRMAN. Is she taking good care of the children?

Mr. WILSON. She is a remarkably competent woman, but she is not equipped for this work, or as well equipped as she should be. She can not go out and borrow the money that she would need in conducting this as a private enterprise, because the Government might stop the arrangement to-morrow. The health inspector and other officials have looked into the matter, and they feel that she is doing the very best she can, but they are not satisfied that she can continue it.

The CHAIRMAN. This cottage would not accommodate more than one-third of those boys.

Col. KUTZ. It will take the oldest boys, or the larger or more incorrigible boys from her entirely, and she can hold the younger ones.

The CHAIRMAN. Then, you will not be relieved entirely by this?

Mr. WILSON. No, sir; not entirely.

The CHAIRMAN. You will not remove the objection by building the new cottage?

Mr. WILSON. It will not remove it entirely, because some of them will still continue in that home. This woman has not as many children now as she had at first, because they have been going out to free homes. There is no doubt in my mind but that this school here should be doubled in capacity. It would be much more economical, but the estimate appears here for only one cottage. We asked for two and one was authorized.

The CHAIRMAN. What does it cost you per inmate at this home to take care of the children?

Mr. WILSON. Nearly \$400. The exact amount here is \$364.40, and that includes the school-teachers.

The CHAIRMAN. Does this woman have teachers employed?

Mr. WILSON. Yes, sir; she has two teachers.

Col. KUTZ. But they are paid for by the board of education.

The CHAIRMAN. In arriving at that sum, have you taken into consideration the earnings from the sale of flowers?

Mr. WILSON. There are no flowers at this institution. That is at the white institution. This institution is the one that the commissioner referred to as being at Blue Plains. The teachers there are paid and boarded and at the other school the board of education pays the teachers and assigns them to the work.

The CHAIRMAN. How many children all told have you in that institution, including the 60 that the woman in Anacostia has?

Mr. WILSON. The number varies from day to day. They are wards of the Board of Childrens' Guardians, and this woman does not have any except such as are sent there.

The CHAIRMAN. There are about 60 in that home.

Mr. WILSON. Yes, sir.

The CHAIRMAN. How many have you at the institution?

Mr. WILSON. We always have between 90 and 100 there.

The CHAIRMAN. Then, you always have between 150 and 160 in all?

Mr. WILSON. Yes, sir. If we could arrange that school so as to take all of them there, I am sure it would be very much better.

The CHAIRMAN. This should be a pretty good-sized cottage, if it is going to cost \$25,000.

Mr. WILSON. That is a very modest cost. The old prewar cost was estimated at \$15,000. This cottage will contain living quarters and everything else. It is under the cottage system, and will be a self-contained building, to take care of 25 boys. It will include living quarters, kitchen, dining room, and everything else; and we think that is a very moderate cost.

Col. KUTZ. Our last bids on school buildings indicate that prices are nearly double the prewar prices. In putting in this estimate of \$10,000 we assumed there would be some further reduction, and that it would cost something less than twice the prewar price.

The CHAIRMAN. How much ground do you own here at Blue Plains?

Mr. WILSON. About 300 acres, 200 acres of which is occupied by the Home for the Aged and Infirm, and there are about 100 acres under this institution.

Mr. BYRNS. How many rooms would this cottage contain?

Mr. WILSON. It would be on the dormitory system. There would be one dormitory for inmates and a room adjoining for the matron. Then there would be the dining room and kitchen.

Mr. BYRNS. You would not put one boy in a single room?

Mr. WILSON. No, sir; this will have one dormitory for all the boys on the second floor. It will be much more economical, and more easily ventilated, lighted, and supervised than separate rooms.

#### HOSPITAL FOR THE INSANE—FOR SUPPORT AND CARE OF INDIGENT INSANE.

The CHAIRMAN. For the hospital for the insane, you are asking \$85,000.

Mr. WILSON. That is a mathematical deficiency that is beyond our control. As you know, people are committed there by the courts, and the rate is fixed by the Secretary of the Interior.

The CHAIRMAN. Has it been increased this year over last year?

Mr. WILSON. No; not this year. It is \$1.46 a day.

The CHAIRMAN. You had an appropriation of \$750,000 and we have already given you a deficiency of \$100,000.

Mr. WILSON. Yes, sir; we asked for \$190,000 at that time, and we are now able to cut that \$5,000, because of the lapse of time. The actual expenditures through March—the April bill is not yet filed, of course—amount to \$702,936.16; that leaves a balance available, with the deficiency already authorized, of \$234,312.05. Now, instead of taking the average for the nine months I would ask you to be good enough to take the March bill, because the number has been increasing a little and will not decrease; the actual March bill was \$80,256.20. Now, we will just take that for three more months without any increase, and that is, at the March rate, \$240,768.60 that we need, against which we have an available balance of \$147,063.84, which

would leave a deficiency of \$93,704.76. We ask for \$85,000, and we are estimating very closely. We expect to be able to make up that \$8,000 by recoveries from pensioners. Under the law the Secretary of the Interior is authorized in the case of pensioners to assign their pensions, where there are no dependents, or even where there are some dependents, so much to the dependents and so much to help the Government for their care, and last year we got a little over \$5,000 in that way, and we think we will get nearly \$8,000 this year; we will not know until the end of the year, but it looks like \$8,000, so that we have worked that down pretty closely.

The CHAIRMAN. It is a matter that depends on the number committed and the action of the Secretary of the Interior with regard to the rates.

Mr. WILSON. Entirely; and that is fixed for the year, of course.

#### FOR PAYMENT OF JUDGMENTS.

The CHAIRMAN. You are asking for \$20,909.91 with which to pay the judgments set forth in House Documents Nos. 6 and 18 of the Sixty-seventh Congress, together with a further sum to pay interest not exceeding 4 per cent. I take it that the time for appeal has expired in all those cases.

Mr. DONOVAN. The judgments are final. One judgment is in favor of the Cranford Paving Co. for \$18,041.36. Back in 1911 the commissioners entered into a contract with the Cranford Paving Co. for two years for the work of resurfacing, renewing, and repairing asphalt pavements. The contract contained a clause under which the commissioners had the option of extending it for another year. In September, 1912, the fiscal year 1913, Congress gave the commissioners an appropriation of \$7,500 for the purchase of a portable asphalt plant, and authorized them to make all repairs to asphalt streets with this plant.

Thereupon the commissioners took this particular part of the work—that is, the part of repairing asphalt pavements—from the contractor, against which action the contractor protested. Upon the completion of the contract the Cranford Paving Co. instituted suit against the District for \$25,000, alleging this amount as the profit lost on the work taken from the contractor and performed by the District. The court awarded judgment of \$18,041.36, representing the profit the contractor would have made from September, 1912, to June, 1913, \$6,712, and for the fiscal year 1914, \$11,328. The case was carried to the court of appeals and the judgment of the court below was affirmed by that court.

The CHAIRMAN. That is the large part of this appropriation?

Col. KUTZ. Yes; that is much the larger part. We fought this Cranford case pretty hard; we did not feel it was equitable, but the court ruled against us, both in the Supreme Court and in the court of appeals.

#### CASE OF LEWIS REED.

Mr. DONOVAN. May I call attention to a judgment rendered a day or two ago in a meritorious case, and one the commissioners would like very much to have included in the present estimates. The judgment was rendered after we had submitted the deficiency estimates.



This is the case of a driver employed by Galt & Co., local feed dealers, who, while making deliveries of forage to the repair shop on U Street, between Sixteenth and Seventeenth Streets, fell through an opening between the loft and the ground floor and received serious injuries. The District was satisfied it was liable, and felt that if the case went to trial before a jury the man would get a much larger verdict than \$1,000. This man has a wife and seven children. The accident occurred in January, 1921, and since that time he has been incapacitated from earning any wages and his family is in want. The judgment was rendered by the court under a compromise reached between the commissioners, through their corporation counsel, and the plaintiff's attorney. The judgment is for \$1,000, without costs or interest.

The CHAIRMAN. Have you a statement, certified to by the court, as to the judgment?

Mr. DONOVAN. Oh, yes. This is a short copy of the judgment containing a certificate signed by the corporation counsel to the effect that the judgment is final and that there is no appeal.

The CHAIRMAN. I wish you would put that in the record.

Mr. DONOVAN. Very well.

NOTE.—Judgment rendered in the Supreme Court of the District of Columbia, April 26, 1921, At Law No. 65630, in favor of Lewis Reed for \$1,000 without interest or costs.

The CHAIRMAN. Has an estimate been submitted by the commissioners?

Mr. DONOVAN. No, sir; but we will send an estimate through regular channels.

The CHAIRMAN. You had better submit an estimate.

Mr. DONOVAN. Very well.

Col. KUTZ. We have had an examination made by a doctor and he reports that in his opinion the man was permanently injured.

#### REFUND OF ERRONEOUS COLLECTIONS.

The CHAIRMAN. You are asking that the bill carry the following:

The Commissioners of the District of Columbia are authorized to pay from the appropriation, "Refund of erroneous collections, District of Columbia, fiscal year 1921," to Alex Mosher, jr., the sum of \$25, and to Mrs. Ella M. Chumm the sum of \$56.39.

Mr. DONOVAN. The item of \$25 represents collateral deposited by Mr. Mosher in the police court, to appear for trial when his case should be called. The case was called and postponed, and eventually the charge was quashed. The court directed the return of the collateral, but Mr. Mosher never called for it. The money remained in the hands of the clerk of the police court for two years and then, under the law, it was covered into the Treasury as unclaimed. Mr. Mosher has now made claim for payment. We are not asking for an appropriation but authority to pay the claim out of the 1921 appropriation.

The CHAIRMAN. How about the next item?

Mr. DONOVAN. Mrs. Chunn mailed to the District Building a check for \$56.39 without any inclosure to show the application of the money. She has a son at the Government Hospital for the Insane;

he is not a minor and the mother is not legally liable for the payment of his board and care. The check was improperly applied to the account of the son, to meet the payment of the son's board bill at St. Elizabeths. Mrs. Chunn intended the money to be applied to the payment of general taxes on her property for 1916. The property was sold at tax sale and several years afterward, when the District got ready to issue a tax deed on the property to the holder of the tax sale certificate, Mrs. Chunn then got word, she claims, for the first time that the money had not been applied to the payment of her taxes. The commissioners thereupon canceled the tax sale. Claim for refund not having been made within three years, it became necessary to come to Congress to obtain authority to make the refund.

The CHAIRMAN. But you canceled her taxes?

Mr. DONOVAN. No; the commissioners canceled the tax sale and restored the tax. The refund in this case will be used to pay the taxes for 1916, which are still due.

#### WASHINGTON AQUEDUCT.

The CHAIRMAN. You are asking \$35,000 for the operation of the Washington Aqueduct.

Col KUTZ. I think that has been appropriated, Mr. Chairman, in the deficiency bill that passed in the early days of the present session. We included it in our estimates, but I think upon representations made to this committee by the office of the Chief of Engineers it was included in that deficiency bill.

The CHAIRMAN. So you are not asking for it at this time?

Col. KUTZ. No; I understand it has been appropriated.

#### FOR PAYMENT OF AUDITED CLAIMS.

The CHAIRMAN. Under the item of audited claims you ask for \$383.57 to cover expenses of the Public Utilities Commission for the fiscal year 1920. Why was not that amount paid?

Mr. DONOVAN. There are two reasons. One is that the actual cost of the work was \$240 above the estimated cost, and the second is that in the month of June, 1920, we ran a little short in the appropriation to pay certain items of expense, and we used some of the money we had set aside to pay the Public Printer and paid the other expenses, and we ran into a deficit of \$38,357 when we came to paying the Public Printer.

The CHAIRMAN. Under this section of the act it is not an audited claim if you did not have the money.

Mr. DONOVAN. It is an audited claim to this extent, that it is an ascertained deficiency, and the claim has been audited for payment subject to a deficiency appropriation.

The CHAIRMAN. But you did not have enough money at the end of the year to pay it?

Mr. DONOVAN. No, sir.

The CHAIRMAN. Then you had no right to audit it, but you should have sent it in as a deficiency estimate.

Mr. DONOVAN. I talked with the clerk of the committee, and asked him whether we could not submit these items as audited claims instead of repeating the phraseology of the several appro-

priation laws. As to this particular claim it is, in fact, an audited claim; it is an audited claim in favor of the Public Printer.

The CHAIRMAN. I do not care to take up the smaller items, but you have one for general advertising, fiscal year 1920, \$278.66.

Mr. DONOVAN. Those are audited claims.

The CHAIRMAN. You had money available at the end of the year with which to pay them.

Mr. DONOVAN. No, sir; that is also an actual overdraft of the appropriation. We owe the Washington Herald \$28.50, the Evening Star \$90.80, the Baltimore Sun \$114.66, the Evening Bulletin of Philadelphia \$25.20, and the Engineering News-Record \$19.50. Those several claims are in excess of the appropriation.

The CHAIRMAN. Then you owe for repairs to streets and avenues \$837.63.

Mr. DONOVAN. That is an audited claim. We covered into the surplus fund under this appropriation \$935.98. This case grows out of the judgment about which we were speaking a few moments ago, the judgment in favor of the Cranford Paving Co. This item is the amount of the final payment under the contract with the Cranford Paving Co., which it refused to accept on the ground that such action might jeopardize the suit in court. The company for this reason refused to accept the money and the appropriation lapsed, and a balance of \$935.98 was covered into the Treasury.

The CHAIRMAN. You have an item of \$102 for expenses of the coroner's office. I wish you would explain that.

Mr. DONOVAN. They are items running from 1912 to 1918, and the entire amount is payable to F. H. Kramer for services rendered as a juror at coroners' inquests. He held his certificates until he had accumulated \$102 worth and then he presented them for payment, but the several appropriations had lapsed.

The CHAIRMAN. He must be a professional juror.

Mr. DONOVAN. He served as juror for 9 days in 1912; 5 days in 1913; 6 days in 1914; 7 days in 1915; 4 days in 1916; 2 days in 1917; and 1 day in 1918, or a total of 34 days.

The CHAIRMAN. Under the head of public schools you are asking for various amounts, kindergarten supplies, fiscal year 1920, \$3.09; textbooks and supplies, \$275.84, and so on.

Mr. DONOVAN. Those are both surplus-fund items and overdrafts of the appropriations. Under the last-mentioned appropriation we covered into the Treasury \$98.29. The claim of \$275.84, for textbooks and supplies, came about in this way: The Whitaker Paper Co., of Philadelphia, Pa., had a contract for furnishing composition and examination paper for the use of pupils in the grade schools, and the company furnished an overrun, which the schools refused to accept. The company failed to take the paper away, and the schools eventually used it, and then the company came in and made claim for payment. This item is for the purpose of paying the company.

The CHAIRMAN. Then you have an electric light and fuel bill of \$2,643.40.

Mr. DONOVAN. That is one of the war items, Mr. Chairman.

The CHAIRMAN. Why was it not presented before this?

Mr. DONOVAN. It should have been presented last year, but I can not say just why it was not presented; I am unable to answer that question, because it is an item that developed before I took over my

present office; \$2,598.96 of that amount is due the Black, Sheridan & Wilson Co., of Baltimore, Md., for coal furnished for the use of the schools between January 1, 1918, and June 30, 1918, and \$44.44 is due the Quemahoning Coal Co., of Somerset, Pa., for coal furnished during the same period. During 1918 we had to buy coal wherever we could get it and without regard to prices and appropriations. The balances ascertained to be due the two companies makes up the amount of this item.

The CHAIRMAN. But you did not have any balance like that for fuel at the end of the year?

Mr. DONOVAN. No; the amount we covered back into the surplus fund under this appropriation was \$329.64. The two claims amount to \$2,643.44.

The CHAIRMAN. For the hospital for the insane, fiscal year 1920, you are asking \$8,163.71.

Mr. DONOVAN. That is the balance due the hospital for the insane for last year, 1920, \$8,163.71.

The CHAIRMAN. That is to cover the care of patients committed to St. Elizabeths under the law?

Mr. DONOVAN. Yes, sir.

The CHAIRMAN. That is the amount in excess of your appropriation?

Mr. DONOVAN. The actual amount in excess of the appropriation.

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FRIDAY, APRIL 29, 1921.

**STATEMENTS OF HON. KATHRYN SELLERS, JUDGE, AND MR. WALDO BURNSIDE, CLERK, JUVENILE COURT.**

**JUVENILE COURT—FOR COMPENSATION OF JURORS.**

The CHAIRMAN. You are asking \$800 for the compensation of jurors in the Juvenile Court. Is that for this fiscal year?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. You had an appropriation of \$900?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. Is it possible we missed that by almost 100 per cent?

Mr. BURNSIDE. Yes. It has been \$900 for the last two years, and last year we had a deficiency, I think, of \$200 or \$300.

The CHAIRMAN. \$250.

Mr. BURNSIDE. Yes, sir. We now have a deficiency of about \$600. When we wrote the District Commissioners about the 5th of April it was about \$300, but other trials have brought it up to \$600. We only have one case on call for a jury, but, of course, there might be a call in other cases.

The CHAIRMAN. Has the pay of jurors been increased?

Mr. BURNSIDE. No; it is still \$3.

The CHAIRMAN. How does it happen you are expending almost twice as much as you formerly expended for the fees of jurors? Is it because of more cases?

Mr. BURNSIDE. More jury trials have been demanded. You see, the court can hardly control that; jury trials are had on the demand of the defendant, and if a defendant asks for a jury he is entitled to it.

The CHAIRMAN. What position do you hold with the court?

Mr. BURNSIDE. I am the clerk of the court.

The CHAIRMAN. Then the number of juvenile cases must be increasing?

Mr. BURNSIDE. As a matter of fact, I think that all but one of the trials this year have been adult cases, nonsupport or bastard cases; they very seldom ask for a jury trial in a child case, there having been, as I say, but one this year.

The CHAIRMAN. How do you account for the increase in cost? You got along in 1915, 1916, 1917, 1918, and 1919 with \$900, while last year you had \$1,150, and if we grant this amount you will have for this year \$1,700.

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. Why is it so much more?

Mr. BURNSIDE. I do not know, except that they are demanding more jury trials.

Judge SELLERS. Mr. Burnside has been clerk for a number of years, and he knows what has been done in the past. It is quite true they are asking for more jury trials, and I think that is because there is a woman judge at the court.

The CHAIRMAN. Are you the judge?

Judge SELLERS. Yes; and I think that is the reason for the increase in jury trials. The colored attorneys seem to be willing to take their chances with the judge, but the white attorneys are a little leary about this woman, and for that reason they ask for a jury trial. I have not the least doubt in the world but what that has caused an increase in the number of jury trials.

The CHAIRMAN. Have you been doing that?

Judge SELLERS. Well, you might ask Mr. Burnside. He thinks I am fairly easy.

Mr. BURNSIDE. The trouble with the colored lawyers was that there was one jury in January that found about everybody guilty.

Judge SELLERS. I want to correct any impression you may have that the juvenile cases are increasing, because they are not; we are hoping to run something like 200 fewer cases this year than last, although it is impossible to say at this time. This is true all over the country.

Mr. BUCHANAN. Do those who demand a jury have the right to a jury without the payment of any fees?

Judge SELLERS. Yes. They have that right to trial by jury in nonsupport and bastardy cases.

The CHAIRMAN. You think that in this case you are going to need the \$800?

Mr. BURNSIDE. Yes; we are about \$600 behind now, and, as I say, there is one more case on call at the present time, but of course more might be asked.

Mr. BUCHANAN. How many are on a jury?

Mr. BURNSIDE. Twelve.

Mr. BUCHANAN. Making \$36 a case. You figure, then, on having five or more cases in the next two months?

Mr. BURNSIDE. Yes; at the rate they have been running during the year we will have.

Mr. BYRNS. A case never lasts longer than a day, does it?

Mr. BURNSIDE. We have had them last for two days and I think one went three days, but they generally last one day. We have gotten rid of two in one day, but I think that only happened once.

Judge SELLERS. I had a letter to-day from Chief Justice McCoy, inclosing a letter from Marshal Splain, asking whether I would be willing to have the summons served by the Metropolitan police instead of the United States marshal's office. I am willing to have that done, when the time comes to take the matter up, but Marshal Splain made the statement in that letter that more summonses were served for the Juvenile Court than for the Supreme Court of the District of Columbia, and the United States District Attorney's Office together. You can understand that when I tell you that our cases are family cases, very often involving several children, and it means the summoning of all the parents, two parents as a rule for each child, and then all the witnesses they want to summon, and sometimes those cases are continued and the witnesses may have to be summoned again.

Mr. BURNSIDE. I think the marshal gets a fee of 50 cents for each summons served, and the police, when they were serving them previously, of course, got no fee.

Mr. BUCHANAN. Is there any reason why 6 jurors could not serve as well as 12?

Mr. BURNSIDE. No; the law simply calls for 12.

Mr. BUCHANAN. But I was asking whether 6 would not do as well as 12 in all these small cases?

Judge SELLERS. Well, change the law.

Mr. BUCHANAN. I understand that.

Judge SELLERS. I do not see any reason in the world why 6 would not answer as well as 12.

Mr. BYRNS. I think that in a great majority of the cases the judge could serve.

Judge SELLERS. Yes; the judge could serve.

#### FOR FUEL, ICE, GAS, ETC.

The CHAIRMAN. You are asking \$375 for fuel, ice, gas, laundry work, etc. You had an appropriation of \$3,000. What is the condition of your balances?

Judge SELLERS. Mr. Burnside knows all about that.

Mr. BURNSIDE. The first is car tickets. You see, we buy them out of a flat contingent fund and the commissioners allot us so much out of the \$8,000 that is allowed the District for car tickets, and we have spent up to within \$100 of what the commissioners allowed us.

The CHAIRMAN. That is, out of this appropriation?

Mr. BURNSIDE. Out of the \$3,000 for contingencies; yes, sir.

The CHAIRMAN. How much did they allot you for car tickets?

Mr. BURNSIDE. They allotted us \$450 and then increased it \$100 making \$550, but at the present time we have not the \$100.

The CHAIRMAN. Why not?

Mr. BURNSIDE. It has been spent on other things.

The CHAIRMAN. You mean, you have spent all of the \$3,000?

Mr. BURNSIDE. We estimate that the bills which will be incurred until the end of the year will take up our \$3,000, except about \$50.

Judge SELLERS. As to the car tickets, I think that by law or by a ruling of the commissioners, only a certain amount of money can be so expended, and the District Commissioners make the allotment; they allotted us a certain amount, and we had to ask for more, and our probation officers, after the first of the month, will have to pay their own fares.

Mr. BURNSIDE. And to some extent they are doing that now.

Judge SELLERS. One colored probation officer has 70 children and 25 nonsupport colored husbands to look after.

The CHAIRMAN. You had \$3,000 for contingent expenses?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. Then originally the commissioners allotted you \$450 and subsequently increased that to \$550, but you only have \$450 available at the present time?

Mr. BURNSIDE. Yes; \$450, which has been spent for car tickets. Of course, that comes out of the \$3,000.

The CHAIRMAN. You still have the \$100, have you not? You still have some money in the \$3,000?

Mr. BURNSIDE. If we spend that, then the light bills and other things like that would have to go unpaid.

The CHAIRMAN. How much have you paid out all told?

Mr. BURNSIDE. We have paid out about \$2,722, and we estimate about \$230 more to be spent on bills like laundry, light, and different items of that kind; that leaves a little less than \$50, and we would like to leave nearly that amount available to take care of discrepancies in bills; if we do not, they will sometimes run over, although not quite that much; we generally leave \$25 to take care of any errors.

Judge SELLERS. Mr. Burnside is an excellent watchdog and watches every expenditure very carefully; that is very necessary when we have such a small sum.

Mr. BURNSIDE. Printing has been the main thing. There is an item here of \$45 to enable us to get a rotospeed or a mimeograph machine. If we could do that, we could probably cut our bill in half, or more.

The CHAIRMAN. You used to have \$2,000, and then the amount was increased to \$2,500. I presume that was because of the increased cost of fuel, ice, and gas.

Mr. BURNSIDE. And printing, and then there are more employees around the court.

The CHAIRMAN. Has the work increased very much?

Mr. BURNSIDE. Not a great deal, but the thoroughness of the work has increased. We have an item of \$50 for extra printing.

The CHAIRMAN. You say you have an item of \$50 for printing?

Mr. BURNSIDE. Yes, sir.

The CHAIRMAN. The commissioners did not transmit that.

Judge SELLERS. Mr. Burnside, did they put in an item for those little books?

Mr. BURNSIDE. I do not believe so.

Judge SELLERS. The men who pay money to the court get little receipts which they are continually losing, and they are always claiming they have paid more money. We want to do what is being

done in Boston, and other cities, issue little books, like bank books, to the men; they will not lose books as readily as loose receipts; when they make a payment it can be entered in the books.

The CHAIRMAN. You are not doing that now?

Judge SELLERS. No; I wanted to do it long ago, but Mr. Burnside did not approve because there was not sufficient money. These are small items but still they all mount up.

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FRIDAY, APRIL 29, 1921.

**STATEMENT OF HON. GEORGE C. AUKAM, JUDGE MUNICIPAL COURT.**

**MUNICIPAL COURT—FOR CONTINGENT EXPENSES.**

The CHAIRMAN. Judge, you have two items of deficiency under contingent expenses, one for 1921 and another for 1922.

Judge AUKAM. Yes, sir.

The CHAIRMAN. Your deficiency for 1922 is a little premature, is it not?

Judge AUKAM. I am afraid not. Under the act of March 3, increasing the jurisdiction of the court—and which takes effect on the 1st day of June—all litigation involving a sum up to \$1,000 is placed exclusively upon this court; heretofore we have had exclusive jurisdiction of \$100 and concurrent jurisdiction with the Supreme Court of the District of Columbia up to \$500; now the concurrent jurisdiction is wiped out entirely and it has exclusive jurisdiction up to \$1,000.

The CHAIRMAN. Will that increase your contingent expenses by one-third?

Judge AUKAM. Well, in the first place, juries must be provided, and that is a matter we have never had to provide for before. We put in figures of \$22,000, but the commissioners allowed \$15,000. Of course, it is hard to tell how many cases will go to a jury, and we hope to keep the number down to a minimum.

The CHAIRMAN. Let us take up 1921, where you are asking \$1,000 for the balance of this year. You had an appropriation of \$2,000?

Judge AUKAM. Yes. I made a request at the time for a larger sum, and told them we could not run on that amount of money. I have the figures here showing where the money has gone: Laundry, ice, and electric current, \$458.86; books, stationery, office equipment, \$624.68; out of that \$624.68, \$302.50 went for manila jackets alone, jackets in which to file papers; for printing, \$288.55; janitor supplies and equipment, \$72.20; fuel, \$698.77—that was a small fuel bill, smaller than usual—miscellaneous, \$38.30; and dockets, \$422.50. It is really shocking when you think of present prices. We are paying, under bid, \$75 for dockets that we formerly bought for \$30.

The CHAIRMAN. What is the total of those amounts?

Judge AUKAM. The total is \$2,603.86.

The CHAIRMAN. That is for the whole year?

Judge AUKAM. Yes; that is the amount we have expended up to this date.



The CHAIRMAN. For the rest of the year you ask for about \$400 more?

Judge AUKAM. Yes; I told the committee we could not run the court on that; it would be impossible; and we have not been able to do it.

Mr. BUCHANAN. Are any law books included in that expenditure?

Judge AUKAM. We have not been able to buy any, although we need them very badly. There are complaints day after day because now the attorneys have to go over to the City Hall and carry the books over. An attorney has to bring them over, or he has to take his stenographer down there, dictate the quotations he desires, and bring them to the court in that way. This \$2,603 has all been expended.

The CHAIRMAN. You say a part of the supplemental estimate for next year is because of the additional work thrown on the court by the act of March 3, 1921?

Judge AUKAM. Yes, sir; extra dockets, law minutes, etc.

The CHAIRMAN. Then you must be contemplating that the cost of the services and the things you purchase out of the contingent fund is going to go down considerably, because you would have only the same amount if we gave you a deficiency of \$1,000 for 1921, and if we give you a deficiency of \$1,000 for 1922 you would have the same amount for 1922 that you have for 1921, and yet you would have additional duties to perform in 1922.

Judge AUKAM. These are not the figures we sent through, but are the figures the commissioners allowed. I think there should be a larger amount. For instance, we have not a full set of the court of appeals reports, but only have a part of a set, 16 or 17 volumes out of 48 or 50.

Mr. BYRNS. The appropriation for the next fiscal year can be used for the payment of jurors and these excess expenses that are put upon you by the passage of this act.

Judge AUKAM. No; we had nothing for juries last year; we never had a jury there.

Mr. BYRNS. I understand, but I understood you to say that the passage of this act would entail additional expense upon your court.

Judge AUKAM. Oh, yes.

Mr. BYRNS. And in addition to other expenses you referred to the compensation of jurors.

Judge AUKAM. Yes, sir; we asked for \$22,000, but the commissioners recommended \$15,000.

Mr. BYRNS. What I was trying to get at was this: You are asking \$1,000 for 1922, and yet you have funds which will carry you beyond next December in the next fiscal year, and I was just wondering whether your estimate of a deficiency for the next year was not a little premature, inasmuch as you could come back next December and make your showing then for whatever you might need to finish out the next year.

Judge AUKAM. That is, under the deficiency bill next December?

Mr. BYRNS. Yes.

Judge AUKAM. I suppose we could do that, yes, sir; but the trouble is that we put in originally an estimate of \$125 for jury boxes and have since procured public bids—I have them with me here—running from \$194 to \$285 apiece for these boxes. I thought they could be

put in for \$125, but evidently not. For instance, the idea now is to use two rooms at the present time used for ladies' dressing rooms, as rooms in which a jury may retire for the consideration of cases, and to convert another smaller room across the hall into a toilet room. To change that room and put in two toilets and one lavatory will cost five hundred and some dollars.

#### FOR ADDITIONAL EMPLOYEES.

The CHAIRMAN. You are asking for additional employees from June 1, 1921, to June 30, 1922, inclusive, at rates of compensation as follows: Jury clerk, \$1,600; four enrolling clerks, at \$1,600 each; and stenographer and typist, at \$1,400; in all \$10,000. Is that all made necessary by the act of March 3?

Judge AUKAM. Yes, sir; we have not a clerk that we can spare for the court room at this time; we have had to keep them all down in the clerk's office. They have not been able to get their full 30 days' leave, and certainly a court of record, as this bill makes it, should have a clerk present in court.

The CHAIRMAN. Why do you need four enrolling clerks?

Judge AUKAM. We have no clerks to write the minutes of the court. We simply can not get clerks to do that class of work at the prices paid our present clerks. We are paying \$1,500 for our chief clerk and they are paying \$2,400 for the assistant clerks who keep or write these law minutes in each of the two circuit courts of the Supreme Court of the District of Columbia.

The CHAIRMAN. Are you going to have another clerk in addition to the one you are now employing?

Judge AUKAM. No; if we can get these clerks we will be able to get along.

The CHAIRMAN. You have an appropriation for next year for that, have you not?

Judge AUKAM. Not for these clerks; no, sir.

The CHAIRMAN. You now have a clerk, have you not?

Judge AUKAM. Yes, sir.

The CHAIRMAN. What is that clerk now doing?

Judge AUKAM. I will insert a statement of the duties of the various clerks. They now do not get their leave, and we have over 20,000 cases a year; to be exact, we had 21,578 last year to dispose of, which takes all of their time. We have one clerk, four assistant clerks, and a messenger.

(The statement referred to follows:)

*Chief clerk.*—Supervises the work of all other clerks; takes in all fees deposited with court (we have no financial clerk; all other inferior courts in the District of Columbia have one or more); keeps cash book, makes up the weekly return of earned fees and deposits same with collector of taxes, District of Columbia; keeps index to debt docket; often takes work home at night; makes up daily assignment.

*First assistant clerk.*—This clerk's whole time is consumed in the keeping of one of the two dockets—entering each case as it is filed and entering judgments, continuances, etc., in this docket.

*Second assistant clerk.*—His entire time is taken up with the second docket, making like entries of cases filed, continuances taken, and the entry of judgments, etc.

*Third assistant clerk.*—His entire time is taken up making out summonses in debt cases and drawing requisitions. This clerk often finds it necessary to return to work at night in order that summonses may be placed in hands of United States marshal the following morning.

*Fourth assistant clerk.*—Entire time taken up making out landlord and tenant summonses and assisting third assistant clerk in the drawing and issuing of summonses in debt cases. This clerk also returns to work at night in order that summons may be issued the following morning.

The messenger works on index to landlord and tenant docket, files papers, and makes himself generally useful.

On June 1 it will become necessary, by reason of the increased jurisdiction, to immediately put in service a third docket in order that the cases involving over \$500 may be promptly recorded.

It is doubtful whether this third docket will suffice to keep the work up to date, as but one person can work upon a book at a time, and this may mean the opening of the fourth current docket.

**Mr. BUCHANAN.** How many months does the court sit?

**Judge AUKAM.** Every day in the year except Sundays and holidays.

**The CHAIRMAN.** You have five judges, a clerk, four assistant clerks, a messenger, an elevator operator, a janitor, and charwomen. Do you think it is going to be necessary to increase that force by \$10,000 when that more than duplicates your present force?

**Judge AUKAM.** Yes, sir; there is no doubt about it, because the present clerical force can not do more work. Our jurisdiction has been increased 10 times; that is, our exclusive jurisdiction; up to the passage of this act we had exclusive jurisdiction up to \$100 only, but now, after June 1, the court will have exclusive jurisdiction up to \$1,000, and it has been made a court of record. That means that every action taken in any proceeding which goes through that court must be recorded in a minute book.

**The CHAIRMAN.** How about your testimony?

**Judge AUKAM.** The parties to the case must furnish a stenographer; we have no stenographer there and never have had one in the court. We can not get clerks to do that work for less than the amount of money stated, at least, that is my opinion. The same class of clerk receives \$2,400 in the Supreme Court of the District of Columbia, and are doing the same sort of work.

**The CHAIRMAN.** Why do you need these from June 1?

**Judge AUKAM.** The act takes effect on June 1, and will increase our work tenfold. Of course, you understand that this court is self-supporting and that this money comes back.

**The CHAIRMAN.** Does it all come back?

**Judge AUKAM.** Yes; and more, too. We have a surplus of more than \$100,000 over and above our expenses. We earn more from fees than it costs to run the court.

**The CHAIRMAN.** What becomes of the fees?

**Judge AUKAM.** They are turned into the Treasury.

**The CHAIRMAN.** As miscellaneous receipts or as receipts of the District of Columbia?

**Judge AUKAM.** They go into the collector's office of the District of Columbia and from there into the Treasury.

**The CHAIRMAN.** I know that, but we are appropriating this directly out of the Treasury.

**Judge AUKAM.** It is a part of the revenues of the District that come in there.

**The CHAIRMAN.** But the money does not go into the miscellaneous receipts of the Treasury.

**Judge AUKAM.** It is a half-and-half proposition, I suppose. What I am trying to convey is this: If we were allowed to retain the fees we could more than pay our expenses.

The CHAIRMAN. Is this the exact amount for which you asked the District?

Judge AUKAM. No; we asked for more than that.

The CHAIRMAN. How much more did you ask for?

Judge AUKAM. Take the chairs, for instance. We have had bids for chairs, and they ask \$15 each.

The CHAIRMAN. I mean as to these additional employees.

Judge AUKAM. Yes, sir; they are all we asked for in number, but we asked for larger salaries in order to get better equipped people to do that work, because it is very high-class work and requires considerable legal knowledge.

The clerks are not able to get their 30 days' annual leave. If they take leave they have to come back and make up their work. There is not a sufficient number of clerks to carry on the present work unless they occasionally work at night and take work home. I have a letter from Chief Justice McCoy, of the District Supreme Court, under date of March 20, in which he tells me that there are 1,113 cases ready to be transferred under this act for trial in the municipal court. The fee to be paid upon this transfer in each case is \$5. That is nearly \$6,000. In the other new cases that come and which involve more than \$500, it is proposed to require a deposit of \$10 in each case. That is, while it now costs them \$15 each to file the cases, involving from \$500 to \$1,000, in the Supreme Court of the District, after June 1, it will cost one-third less for like case in the municipal court. We leave the old fees as they are, for cases involving \$500 or less, making it \$1.60, as before, so that the poor man can bring a suit up to \$500 for a nominal fee. By this \$10 charge the municipal court gains five times as much revenue in each case involving over \$500 and at the same time the public saves one-third of former costs.

#### FOR COMPENSATION OF JURORS.

The CHAIRMAN. You are asking for compensation of jurors, \$15,000?

Judge AUKAM. Yes, sir.

The CHAIRMAN. How do you estimate that?

Judge AUKAM. I estimate four days a week for jury cases. There are more than 1,200 cases ready for trial now. Most of the cases transferred from the Supreme Court, in my opinion, will demand jury trials. That is four days a week for two long panels, requiring the presence of about 36 jurors. Of course, that can be held down as the work goes along, but, I think in the beginning the court should have enough jurors to handle the business promptly. That will be the only way that we can clean up the business which has accumulated in the Supreme Court. These cases have been pending in the Supreme Court from two to three years.

We will have to sit during July and August from early in the morning until late at night in order that this work may be finished before fall term. On the other hand, Mr. Donovan suggests that we might come here for a deficiency appropriation in December as far as the jurors are concerned, if necessary. The fees on account of the increased business which will come in will more than pay for any expense on this proposition, in my opinion.

## FOR LODGING, MEALS, AND ACCOMMODATIONS FOR JURORS, ETC.

The CHAIRMAN. "For lodging, meals, and accommodations for jurors and deputy United States marshals, while in attendance upon them, when ordered by the court, from June 1, 1921, to June 30, 1922," you are asking \$100?

Judge AUKAM. Yes, sir.

The CHAIRMAN. That is for the jury after it has been instructed and before it brings in its verdict?

Judge AUKAM. Yes, sir.

The CHAIRMAN. In case the jury is held out all night?

Judge AUKAM. Yes.

Mr. BUCHANAN. You will keep them together, locked up?

Judge AUKAM. Yes, sir; in the event the court thinks it is worth while to hold them overnight. We asked for \$200.

The CHAIRMAN. After once instructed they are not allowed to separate?

Judge AUKAM. No, sir. I took that from the police-court appropriation. They are allowed \$200. We may not require that much.

## FOR ALTERATIONS AND REPAIRS TO BUILDINGS.

The CHAIRMAN. "For alterations and repairs to buildings, to be immediately available and to continue available until June 30, 1922," you are asking \$1,000?

Judge AUKAM. Yes, sir.

The CHAIRMAN. That is for what kind of repairs?

Judge AUKAM. To provide a jury room on the second floor and to transfer the toilet across the hall. We have a bid of over \$500 for that alone.

The CHAIRMAN. Where is this?

Judge AUKAM. On the second floor of the building. Do you mean in what part of the city?

The CHAIRMAN. Yes, sir.

Judge AUKAM. Four-and-a-half Street—John Marshall Place.

The CHAIRMAN. Is it a new building.

Judge AUKAM. No, sir; We rent the building; it is not a new building.

The CHAIRMAN. Is all the room in the new building occupied?

Judge AUKUM. Apparently. We have never been in there; we have always rented.

The CHAIRMAN. What rent do you pay?

Judge AUKUM. \$3,600 for about 75 feet front.

The CHAIRMAN. Some people have told me that they were not using more than half the new building on John Marshall Place for actual court work.

Judge AUKUM. I presume you refer to some other court building, not our building.

The CHAIRMAN. I am speaking of the building near the Pension Building?

Judge AUKUM. They are in that immediate neighborhood—the Supreme Court of the District of Columbia and the Court of Appeals.

The CHAIRMAN. I am referring to the old building which they remodeled?

Judge AUKAM. That is the Supreme Court of the District of Columbia.

The CHAIRMAN. They are not using all of that building?

Judge AUKAM. I think so; yes, sir. Some part, perhaps, may not be in use.

The CHAIRMAN. This court is in a rented building?

Judge AUKAM. Yes, sir.

The CHAIRMAN. Will not the landlord make the changes?

Judge AUKAM. No, sir. He is only getting \$3,600 for 75 feet front, four stories and attic, with an elevator.

The CHAIRMAN. How deep is the building?

Judge AUKAM. I think it is considerably over 80 feet, and possibly over 100 feet.

The CHAIRMAN. How long a lease have you?

Judge AUKAM. One year at a time, a temporary lease. We tried to get him to do some painting, but he said that at the rate of \$3,600 a year he could not afford to do it.

The CHAIRMAN. Is your lease renewable?

Judge AUKAM. Yes, sir; we have been renewing from year to year for about four years.

Mr. BUCHANAN. Have you an option to renew it?

Judge AUKAM. No, sir; we have no option. That lease is made by the commissioners from year to year; a new lease is made every year.

Mr. BUCHANAN. You do not know whether it carries an option which gives the Government the right to renew it?

Judge AUKAM. No, sir; it does not. I might say that this building has large rooms for the courtrooms, and then there are some smaller ones. It was an old building, known as the Chauncey Law Building, I think. We could not get any place sufficiently large, and we got the present owner to buy this property and remodel the building. He got caught in the war prices when everything advanced. He said that he could not afford to do the painting. I think that is true.

The CHAIRMAN. You will not make the repairs unless you have a renewal lease for next year?

Judge AUKAM. That is a matter with the commissioners. It would be of no benefit to the building to make the repairs, so far as the owner is concerned.

The CHAIRMAN. It would be of no benefit to the Government, either, to make the repairs and occupy it for just one month?

Judge AUKAM. That is true. I know of no building in the city of Washington better located for the requirements of this court.

Mr. BUCHANAN. We do not want to make any repairs the next fiscal year if we are not going to have the building.

Judge AUKAM. There is no question about procuring the building. You might make that a condition, if you like. The building would not be good for other than court purposes. The only thing they could use it for would be a cheap boarding house. They would have to cut up the rooms and make them smaller. We vacated another building two or three doors below. It stood idle quite a while, and that is what they did with it eventually.

## FOR FURNITURE AND EQUIPMENT.

The CHAIRMAN. "For furniture and equipment" you are asking \$1,200?

Judge AUKAM. Yes, sir; we will try to get along with that.

The CHAIRMAN. Why do you need any money for furniture for next year?

Judge AUKAM. We have two benches in these rooms. We must provide for the jury coming in there and the litigants. These benches cost about \$73, and they want \$125 for the same type now. Then we will need chairs, which will cost \$15. We will have to have chairs for the jurors, and it will be necessary to have trial tables for the attorneys.

The CHAIRMAN. How did you make up this estimate?

Judge AUKAM. Six trial tables at \$75 each, \$450; and six benches at \$125 each, \$750.

The CHAIRMAN. What are they used for?

Judge AUKAM. Just for the persons who come in, the litigants, to sit upon.

The CHAIRMAN. How large are they?

Judge AUKAM. They will hold about six or eight people, I believe.

The CHAIRMAN. How large a courtroom do you have?

Judge AUKAM. We have simply room enough for the jury and possibly 25 or 30 persons, comfortably seated. That is all. I do not know the exact size, but the court room is about 25 feet wide and 40 feet deep.

The CHAIRMAN. You have no surplus at the present time in the way of furniture?

Judge AUKAM. No, sir; we have not enough without this; we have not sufficient furniture in any portion of the building.

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FRIDAY, APRIL 29, 1921.

STATEMENT OF MR. F. A. SEBRING, CLERK OF THE POLICE COURT.

POLICE COURT—FOR COMPENSATION OF JURORS.

The CHAIRMAN. You are asking \$1,799 for the compensation of jurors, fiscal year 1919.

Mr. SEBRING. Yes, sir.

The CHAIRMAN. That is an ascertained deficiency?

Mr. SEBRING. Absolutely.

The CHAIRMAN. Do you owe that to the persons who have served as jurors?

Mr. SEBRING. Yes, sir.

The CHAIRMAN. And they are holding certificates?

Mr. SEBRING. Yes; they have held them ever since July 1, 1919.

The CHAIRMAN. How are you getting along this year?

Mr. SEBRING. I think this year we are going to have enough, but for the fiscal year 1922 I think our \$10,000 will be fully expended.

The CHAIRMAN. You had only \$7,000 for the year 1919.

Mr. SEBRING. Yes, sir.

The CHAIRMAN. And now you have \$10,000?

Mr. SEBRING. We will not run short this fiscal year, but we have a lot of prohibition cases coming on to trial, so that in the next fiscal year we may run pretty close, although I do not know. But this is an actual and absolutely bona fide deficiency. Every one of those jurors is holding a certificate, and all of them have been holding them since July 1, 1919.

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FRIDAY, APRIL 29, 1921.

### ALIEN PROPERTY CUSTODIAN.

#### STATEMENTS OF MR. ALVIN G. BELT AND MR. GEORGE G. JOHNSTON, OFFICE OF ALIEN PROPERTY CUSTODIAN.

##### FOR PURCHASE, MAINTENANCE, ETC., OF AN AUTOMOBILE.

The CHAIRMAN. Mr. Belt, you are asking for an appropriation of \$4,500 for the purchase, maintenance, operation, and repair of a new motor-propelled passenger-carrying vehicle in exchange for an old motor-propelled passenger-carrying vehicle?

Mr. BELT. Yes, sir.

The CHAIRMAN. Is this for the Alien Property Custodian?

Mr. BELT. It is for general use. The present one is in general use now.

The CHAIRMAN. How long have you had the present car?

Mr. BELT. Since June, 1918.

The CHAIRMAN. What kind of a car is it?

Mr. BELT. It is a seven-passenger Paige car.

The CHAIRMAN. Was it purchased as a new car at that time?

Mr. BELT. Yes, sir.

The CHAIRMAN. What is its present condition?

Mr. BELT. It is not in good mechanical condition and from the looks of it it is not in good shape at all.

The CHAIRMAN. How about the item of repairs? Is it costing very much to keep it in repairs?

Mr. BELT. Yes, sir; considerable.

The CHAIRMAN. What trouble have you been having with it?

Mr. BELT. All sorts of engine trouble and considerable trouble with the rear axle and things of that sort generally connected with an old automobile.

The CHAIRMAN. What purposes is that automobile put to?

Mr. BELT. Well, in the morning it looks after bringing the custodian to the office and after that makes innumerable trips to various departments, mainly to and from the Treasury Department carrying bonds or bringing back securities and withdrawals.

The CHAIRMAN. Do you have to make many trips to the Treasury Department each day?



Mr. BELT. Yes, sir; we sometimes make four or five trips a day to deposit securities and withdraw them.

The CHAIRMAN. Are all your securities deposited with the Secretary of the Treasury?

Mr. BELT. Yes, sir.

The CHAIRMAN. What kind of car is it proposed to secure?

Mr. BELT. We have nothing in view at all except something to answer the purpose.

The CHAIRMAN. How was this amount, then, arrived at?

Mr. BELT. To be frank with you, the custodian and the official accountant formulated that request and neither of them is here, and I am not very familiar with how it was arrived at.

The CHAIRMAN. Is it estimated that you will require \$4,500 and the old car in order to get a new one?

Mr. BELT. This was to supplement what we could get for the old car.

The CHAIRMAN. Then it must be intended to buy a car of a pretty high grade. What would you be allowed in exchange for the Paige car?

Mr. BELT. The automobile tradesmen have a schedule as to what they pay for a car of that age and in that condition, and I think that is \$800 in Baltimore; that is, we would be allowed that much in Baltimore.

Mr. BYRNS. Do you know what the car cost originally?

Mr. BELT. Yes, sir; \$1,945.33.

Mr. BYRNS. Are you going to buy the same kind of car?

Mr. BELT. I hope not. I hope we can get something a little better from the way this one has stood up. That same model now sells for about \$3,100.

Mr. BYRNS. This amount would buy something like a Cadillac or a Peerless, would it not?

Mr. BELT. No, sir; because the upkeep is included.

Mr. BYRNS. And this includes the upkeep?

Mr. BELT. Yes, sir; and maintenance.

The CHAIRMAN. You have an appropriation now for operation and maintenance. Why do you need any money for that purpose?

Mr. BELT. Is that incorporated in the original request?

The CHAIRMAN. I assume so. How are you paying for that now?

Mr. BELT. Out of the present appropriation.

The CHAIRMAN. What I would like to get at, Mr. Belt, is just what you need in actual money to permit you to get a new car and whether or not a part of this is for a real deficit in operation caused by additional expenses or things of that kind.

Mr. BELT. There is no deficit in the operation of the present car at all.

The CHAIRMAN. You pay for the operation and upkeep of this car out of your appropriation of \$375,000?

Mr. BELT. Yes, sir.

The CHAIRMAN. And if it costs \$10,000 or \$15,000, it is paid out of that appropriation, and there is no limit put on it. You do not need any money to make up a deficit and that money is going to carry you through, is it not?

Mr. BELT. We can not use the present appropriation.

The CHAIRMAN. You can use it for the expenses of operation.

Mr. JOHNSTON. Yes; but our present appropriation will not be enough to carry us through to July 1, with the maintenance of the car, and that is why we were including it in that estimate, and the \$375,000, of course, will not carry us through next year either.

The CHAIRMAN. What portion of this amount of \$4,500, then, is for purposes other than purchasing a car?

Mr. BELT. Nothing, I should say, because they have the upkeep in the other appropriation.

Mr. JOHNSTON. Yes; we have it in the other appropriation but we were anticipating it would not cover it.

The CHAIRMAN. What is the state of your balances at the present time?

Mr. JOHNSTON. The state of our balances in the present appropriation is that we have just barely enough to meet the pay roll and our rent to the 1st of July.

Mr. BUCHANAN. Is this car running now?

Mr. JOHNSTON. Yes, sir.

Mr. BUCHANAN. It is in running condition?

Mr. JOHNSTON. It is in running condition, but it is costing several hundred dollars a month to keep it in repair, and is a bad investment at present.

Mr. BUCHANAN. You spoke of having so many securities to carry to the Treasury Department, two and three times a day. Are those securities that come in the mails?

Mr. JOHNSTON. Yes; that is dependent upon the mails. We get large bunches of bonds which come in two or three times a day and when claims are allowed we go down and draw out bonds which have to be brought up to the office and checked up and sent out by express. Most of the interdepartmental work is between the Treasury and the Alien Property Custodian Office.

Mr. BUCHANAN. What building are you in?

Mr. JOHNSTON. The building at Sixteenth and P Streets, which was an apartment house.

The CHAIRMAN. That is the same building you have always been in?

Mr. JOHNSTON. Yes, sir; and it is way up town and far away from any of the other Government buildings.

Mr. BYRNS. I want to ask you this question with reference to your estimate for operation and maintenance. This is a deficiency bill to carry you to July 1, and I presume you would expect to get your operation and maintenance money for the next fiscal year out of the appropriation that has been made for next year in the legislative bill?

Mr. JOHNSTON. Yes.

Mr. BYRNS. There are only two more months in this year and the maintenance of a new car would be very slight for the first two months outside of the garage rent.

Mr. JOHNSTON. That is true, and of course, this money could not be used next year.

Mr. BYRNS. So that as a matter of fact, if this sum was allowed and you were to get \$800 for the car you have now, you would have enough money to buy a \$5,000 car?

Mr. JOHNSTON. Yes.

The CHAIRMAN. Who prepared this estimate?

Mr. JOHNSTON. The custodian himself and our chief accountant, and they are both out of the city and will be away until Monday. I so reported this morning. Mr. Belt and I are not particularly familiar with the reason why they asked for that particular amount.

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FRIDAY, APRIL 29, 1921.

FEDERAL BOARD FOR VOCATIONAL EDUCATION.

STATEMENTS OF MR. JAMES P. MUNROE, VICE CHAIRMAN;  
MR. CALVIN F. M'INTOSH, REPRESENTATIVE OF AGRICULTURAL INTERESTS; AND MR. UEL W. LAMKIN,  
DIRECTOR.

VOCATIONAL REHABILITATION.

The CHAIRMAN. You are asking for a deficiency appropriation of \$15,000,000 for vocational rehabilitation for the balance of this year? Mr. MUNROE. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. MUNROE. As it looks now, at the rate that the men are coming in and the expenditures per month, there will be a deficit of somewhere between \$10,000,000 and \$15,000,000. Mr. Lamkin can give you the exact figures.

Mr. LAMKIN. The 1st day of April there was a balance of \$27,104,725.71, with three months remaining in the present fiscal year.

Mr. MUNROE. We estimate that the outstanding bills for the 30 days or thereabouts will amount to \$1,500,000.

The CHAIRMAN. As of April 1?

Mr. MUNROE. Yes, sir; that would have to come out of the \$27,000,000.

Mr. LAMKIN. Nothing can be vouchered until the 30th of the month, so bills can not get in by the 1st.

The CHAIRMAN. That would be \$25,000,000?

Mr. MUNROE. About \$25,000,000.

The CHAIRMAN. Then, you are paying out approximately \$5,500,000 a month?

Mr. LAMKIN. The March expenditure was \$10,938,000.

The CHAIRMAN. It was increasing then?

Mr. LAMKIN. Yes, sir.

The CHAIRMAN. You must have had some "hangovers" from former months?

Mr. LAMKIN. Yes, sir; in March it was \$10,938,000, in February, \$8,858,000, and in January \$8,264,000.

The CHAIRMAN. What was the expenditure in July?

Mr. LAMKIN. Of last year?

The CHAIRMAN. Of this fiscal year.

Mr. LAMKIN. \$3,836,000.

Mr. MUNROE. The new men are coming in at the rate of about 6,000 a month.

## NUMBER OF MEN IN TRAINING—MONTHLY EXPENDITURES.

The CHAIRMAN. How many men have you now in training?

Mr. MUNROE. Approximately 78,000 on the 1st of April.

The CHAIRMAN. Can you put into the record a table showing the men in training for each month during this fiscal year and the expenditure per month during the present fiscal year?

Mr. MUNROE. We can have it made up in that shape.

The CHAIRMAN. Can you also complete the schedule which is found on page 493 of the hearings, bringing it down to the present date?

Mr. MUNROE. Yes, sir.

The number of men entering training since July 1, 1920, is:

July.....	3,421	December.....	4,108
August.....	3,691	January.....	6,367
September.....	3,427	February.....	6,221
October.....	7,393	March.....	6,533
November.....	4,391		

*Amount paid directly to disabled ex-service men for maintenance for the fiscal year 1921.*

July.....	\$3,581,365.95	January.....	\$6,917,292.63
August.....	4,223,081.69	February.....	7,629,033.33
September.....	4,830,469.69	March.....	7,648,394.40
October.....	5,716,121.46	April.....	8,320,354.12
November.....	6,071,396.11		
December.....	6,431,611.60	Total.....	61,369,120.98

*Expenditures from the appropriation for vocational rehabilitation for fiscal year ending June 30, 1921.*

July.....	\$3,836,970.36	January.....	\$8,254,141.99
August.....	4,317,263.16	February.....	8,858,297.25
September.....	5,437,901.72	March.....	10,938,949.02
October.....	4,208,730.17	April.....	10,994,469.28
November.....	9,480,613.98		
December.....	7,562,406.64	Total.....	73,889,743.57

October 30 pay roll for men in training, \$2,415,214.06, contained in November expenditures.

WASHINGTON, May 4, 1921.

Hon. JAMES W. GOOD,  
House Office Building, Washington, D. C.

DEAR MR. GOOD: The attached is a table showing the number of men entered, in training, etc., brought down to date as per your request.

The following explanation should be added to the table. The number of rehabilitated and discontinued have never been segregated in the reports made to the committee, because of the fact that such segregation was not necessary in determining appropriations. On March 1, the number reported here as rehabilitated was 2,994. On April 1 the number reported here was 3,410, a difference of 416. Approximately 50 per cent of the men who discontinue training do so because of physical conditions. As their physical condition gets better, they return to training. Four hundred and fifty-nine more men returned to training than discontinued for other reasons than that they were rehabilitated during the month of March. This shows a net decrease of 43 in the number carried as completed or discontinued training.

It is the opinion of those of us who are familiar with the situation that approximately 3,000 men have gone into employment on account of their training and are therefore rehabilitated, although the definite reports are not yet in the central office at Washington and so were not included in this statement.

Very truly, yours,

UEL W. LAMKIN, Director.

*Schedule showing men in training under the vocational rehabilitation act.*

	Entered.	Total entered in training.	Total in training.	Completed or discontinued training.	Total completed or discontinued training.
Up to Dec. 1.....		32	32	3	3
Dec. 1, 1918, to Jan. 1, 1919.....	30	65	65	6	9
Jan. 1 to Feb. 1, 1919.....	325	490	490	6	15
Feb. 1 to Mar. 1, 1919.....	420	910	823	9	24
Mar. 1 to Apr. 1, 1919.....	465	1,395	1,251	22	46
Apr. 1 to May 1, 1919.....	684	2,079	1,885	53	99
May 1 to June 1, 1919.....	635	2,714	2,510	126	225
June 1 to July 1, 1919.....	892	2,606	3,212	189	414
July 1 to Aug. 1, 1919.....	1,545	5,151	4,538	220	634
Aug. 1 to Sept. 1, 1919.....	1,417	7,768	6,793	362	996
Sept. 1 to Oct. 1, 1919.....	2,865	10,633	9,369	289	1,285
Oct. 1 to Nov. 1, 1919.....	6,195	16,828	15,227	416	1,601
Nov. 1 to Dec. 1, 1919.....	4,196	21,024	19,085	338	1,939
Dec. 1, 1919, to Jan. 1, 1920.....	2,858	23,882	21,538	406	2,345
Jan. 1 to Feb. 1, 1920.....	3,483	27,365	24,563	457	2,802
Feb. 1 to Mar. 1, 1920.....	2,648	30,013	26,991	220	3,022
Mar. 1 to Apr. 1, 1920.....	4,149	34,162	30,962	178	3,200
Apr. 1 to May 1, 1920.....	3,764	37,926	33,650	1,076	4,276
May 1 to June 1, 1920.....	4,902	42,828	36,943	1,609	5,885
June 1 to July 1, 1920.....	3,586	46,414	38,797	1,732	7,617
July 1 to Aug. 1, 1920.....	3,421	49,835	40,666	1,552	9,169
Aug. 1 to Sept. 1, 1920.....	3,691	53,526	43,782	575	9,744
Sept. 1 to Oct. 1, 1920.....	3,427	57,053	46,897	1,412	11,156
Oct. 1 to Nov. 1, 1920.....	7,393	64,446	52,194	1,046	12,252
Nov. 1 to Dec. 1, 1920.....	4,391	68,837	56,360	225	12,477
Dec. 1, 1920, to Jan. 1, 1921.....	4,108	72,945	59,649	819	13,296
Jan. 1 to Feb. 1, 1921.....	6,367	79,312	65,843	173	13,469
Feb. 1 to Mar. 1, 1921.....	6,221	85,533	71,147	917	14,386
Mar. 1 to Apr. 1, 1921.....	6,533	92,066	77,723	43	14,343

The CHAIRMAN. How about the administration, has the cost of administration increased or decreased so far as it relates to the men in training?

Mr. MUNROE. It has been steadily going down.

The CHAIRMAN. As you take in additional men have you been compelled to take on additional administrative officers?

Mr. MUNROE. Yes, sir; but not in proportion to the new men going into training.

The CHAIRMAN. What are you compelled to pay to the institutions which are training your men?

Mr. MUNROE. In most cases we are paying just the regular fee, but in some cases where they are obliged to put on a considerable extra force of teachers, why, we increase the tuition so as to cover that additional, entirely outside cost. That is not in many instances.

Mr. LAMKIN. Only where they organize separate classes and give special training do we make any special rate.

The CHAIRMAN. I may be mistaken, but, if my memory serves me aright, when we were considering the sundry civil bill for next year, last November, you then expected to have a surplus?

Mr. MUNROE. Yes, sir.

The CHAIRMAN. And we took that into consideration when we made the appropriation for next year.

Mr. MUNROE. Last November, you will remember, business was booming and just after that came the slump. Of course, a large proportion of these men who are coming in for training, if the employment conditions had kept up, would have had no difficulty in getting employment without training.

The CHAIRMAN. Are you simply going to take up the slack created and which will continue to become larger with regard to the employee, and where a man was employed before and lost his job, are you going to take him on and give him training and give him compensation?

Mr. MUNROE. That is not quite a fair statement about these fellows, because the men I refer to are genuinely disabled and were adjudged eligible to training and were entitled to it, but who, as long as they had a good job, did not feel the need of it. It is not fellows coming in simply because they have been turned out of jobs.

The CHAIRMAN. I appreciate that. What kind of training do you give the men who are coming in now?

Mr. MUNROE. Every sort.

The CHAIRMAN. A college education?

Mr. MUNROE. No; mostly industrial and commercial training. I do not think that has affected the college men appreciably at all.

#### LENGTH OF TIME TO COMPLETE TRAINING.

The CHAIRMAN. What is your opinion now, after the experience you have had in this matter, with regard to the length of time that it is taking to complete the industrial course, as compared with your estimate before, is it taking more time or less time?

Mr. MUNROE. I should say just about the same; I think that was quite a fair estimate that we made before.

Mr. BUCHANAN. What length of time?

Mr. MUNROE. Two years.

The CHAIRMAN. The last sundry civil appropriation act carried a proviso that reads as follows:

*Provided further, That no person who has been declared eligible for training under the provisions of the vocational rehabilitation act, for whom training has been prescribed, and who has been notified by the board to begin training, shall be eligible to the benefits of said act in the event of his failure to commence training within a reasonable time after notice has been sent such person by the board.*

Mr. MUNROE. We have notified every possible man eligible for training under that act.

The CHAIRMAN. Has that had a tendency to bring persons before the board with a demand for training?

Mr. MUNROE. That has had a great tendency. Also there have been, for instance, what we call "drives" in which we have tried to clean up by sending out an eligibility squad, Red Cross and others, calling these fellows in so as to try to clean up the job.

The CHAIRMAN. Take a young man who came in two years ago for training. You trained that man for six months and he got a good job. He has lost his job and comes back to the board; what do you do with him?

Mr. MUNROE. That is just the problem that is confronting us. I was just talking with Mr. Lamkin of a case of that kind.

Mr. LAMKIN. I have had two illustrations in the past two days. A young man came into my office just about the time that I got the call to come here. He had had training. He dropped out of training and took a job at \$4.50 a day. Because of a reduction of employees he lost his job. He came back and said that he wanted to go back into training with pay. I asked him, in the first place, whether or not he got work and was successful. He said "Yes"; that

he "could get all kinds of recommendations" from his employer. Under those circumstances we did not feel that the Government was under obligations to continue the training further.

A man came yesterday from Philadelphia. He had one of our men in training for a year up to the 1st of January. At the end of that time he took him over at a salary of \$1,500. He was put in an office where there were six men. They notified the branch office that they would have to reduce the force from six to three. Our trainee was one of those laid off. He then asked us to give him further training. Of course, we asked whether or not the training was satisfactory, whether or not he was able to carry on the employment, and he said he was. We replied that we could not guarantee employment to a man after he had been trained and had demonstrated that he could successfully carry on that occupation. I do not believe that is the intention of Congress. I think that the whole program of rehabilitation will fall down if it becomes solely an employment agency.

The CHAIRMAN. If I understand you correctly, you have already notified the persons who are entitled to training to commence to take training?

Mr. MUNROE. They are in operation of notification, all have been notified.

Mr. LAMKIN. They have all been notified, Mr. Chairman. To make assurance doubly sure, we are sending another registered letter to them with a return receipt so we will know.

Mr. MUNROE. Is there not a further proviso, Mr. Chairman, that it shall not be over 12 months?

The CHAIRMAN. Not longer than 12 months.

Mr. MUNROE. In this notification we have quoted the law and have made the thing as clear as we possibly could, so that the dullest man ought to understand the situation. We have already, as Mr. Lamkin has said, sent out the first notice and now to make it doubly sure we are sending out the second notice.

Mr. BYRNS. Under the law, within what time do they have to make application after receiving the notice, is there any limitation?

Mr. LAMKIN. The notice reads about as follows:

You are declared eligible for training, and a course of training is prescribed for you. You will therefore report at a certain place and enter upon your training. Please acknowledge receipt of this and state when you will be there.

Mr. BYRNS. There is no limit under the law?

Mr. LAMKIN. One year is the limit under the law.

Mr. BYRNS. If he does not apply within the year his chance is forfeited?

Mr. LAMKIN. Yes, sir. We are sending out from Washington registered letters to eligibles and requesting return receipts, so we will know whether the man gets his official notice.

Mr. BUCHANAN. Do you not think that it would be far better if they were notified that they could not come back before the course is completed and before they had quit.

Mr. LAMKIN. I think that is made clear in every case.

Mr. BUCHANAN. After they quit; but they ought to know before they quit the training.

Mr. LAMKIN. On the other hand, I can state to you another instance. A man was trained for a certain trade on board ship.

We sent him out. He came back with a certificate from the doctor that he could not continue because of his physical condition. We put that man back into training because he was not properly trained.

Mr. BUCHANAN. He was trained for something that his physical condition prohibited him from doing?

Mr. LAMKIN. Yes, sir.

The CHAIRMAN. I imagine that you will find many of these men whose training has been completed who will not want to leave?

Mr. LAMKIN. I think that is true. I do not know of any greater duty that the American people owe to these disabled men, as well as to the Government, than to assist in the very difficult job of getting men out into employment after they are able to enter the employment.

Mr. BUCHANAN. The number appears to be increasing more rapidly than heretofore, or the number of applicants coming in. When do you expect that the number will begin to decline?

Mr. MUNROE. There are all sorts of factors entering into that. Of course, the industrial situation is one factor, and the pending legislation in the so-called training bill, which broadens out the chances for the men, and which abolishes the distinction between section 2 and section 3 is another factor. If that legislation should be passed it would bring in tens of thousands of men who are not now eligible for maintenance pay under the law. Therefore, it is difficult to say whether we have reached the peak or not.

#### NUMBER OF ELIGIBLES FOR TRAINING.

Mr. BUCHANAN. What is your judgment as to the number now eligible under the law?

Mr. MUNROE. That, of course, is rather difficult to say, because the law not only applies to men disabled by war service but to those whose disability is incurred as the result of their service. Of course, the result is that men are coming in every day who were discharged as fit but who since then have developed something that the doctors are saying is traceable to the war.

Mr. BUCHANAN. I think it has been said that there were something like 160,000 eligibles. Are you inclined to that opinion?

Mr. MUNROE. We have been in contact with about 300,000.

Mr. BYRNS. Do you not think that it will be some years before you reach the peak?

Mr. MUNROE. Probably.

The CHAIRMAN. You will be through with this job, so far as this industrial work is concerned, in three years, because you will serve notice that they must begin to take the training within one year, and the training is completed in two years after taking it up. Therefore you are right in your peak.

Mr. MUNROE. That applies only to men who have been declared eligible.

Mr. BYRNS. That one-year provision does not begin to run until the man's disability arises.

Mr. MUNROE. Not until he has made application and been declared eligible.

The CHAIRMAN. How many have been declared eligible?

Mr. LAMKIN. One hundred and fourteen thousand for training with pay and for whom training is feasible; 21,000 for whom train-



ing is not feasible; 90,000 have been approved eligible for training without pay.

Mr. MUNROE. Men are coming to us every day who were discharged from the Army as fit, but who are now developing some disability which the doctors say is traceable to the service. Therefore they are eligible under the law.

Mr. LAMKIN. You will have to set a time limit as to when the men shall make application for rehabilitation and compensation.

Mr. MUNROE. That is the only way to bring the thing to an end.

The CHAIRMAN. Are you suggesting anything of that kind now?

Mr. MUNROE. It is in the Kenyon law, the provision being 18 months.

Mr. LAMKIN. It is in the Kenyon bill, which was passed by the Senate at the last session and reported favorably by the House committee about the 1st of March. There will no doubt be a similar bill reported out at this session.

Mr. McINTOSH. It might be cleared up a little by saying that gain of men in training of 5,300 men per month. You can take that as the basis to figure from and see into what proportions this thing is running.

The CHAIRMAN. Five thousand three hundred per month?

Mr. McINTOSH. Yes, sir; that is the net gain.

Mr. MUNROE. Of course, if we could ascertain when the peak was coming, then we would begin to fall off.

Mr. McINTOSH. I do not think it would be the right thing to lead this committee to believe that we are anywhere near the peak, or that under the conditions that are prevailing now they may expect a reduction in the numbers or in the expense. I think from the way the thing is set now, and from the present surroundings, that you may look for a very heavy undertaking.

The CHAIRMAN. The peak will always be dependent upon industrial conditions. If, instead of having 5,000,000 men out of employment to-day, you had a shortage of labor with advertisements appearing in every paper for labor, you would have passed the peak already. There is no question about that, so far as the industrial training is concerned.

Mr. MUNROE. Thousands of the men who are in training now would go out at once if they had opportunities of that sort.

Mr. McINTOSH. We have now, in round numbers, 80,000 men in training, and approximately half of that number have been put in training in the last six months. You can see from that what is happening here.

The CHAIRMAN. How many of those men that are in industrial training are in colleges or institutions, and how many in industrial establishments?

Mr. LAMKIN. About 30 per cent of the whole number are in establishments, and the rest of them are in schools. Seventy per cent are in schools.

Mr. MUNROE. As I remember it, it is somewhere between 7 and 10 per cent in colleges and universities.

Mr. LAMKIN. In the last hearing you had a statement showing the percentages in each one of the classes of training. I can repeat that, if you desire it.

The CHAIRMAN. You can bring that down to date.

Mr. LAMKIN. Fifteen per cent of the men are in prevocational or trial courses, 34 per cent are in trade and industrial courses, 25 per cent are in business and commercial courses, 12 per cent are in agricultural courses, and 14 per cent are in professional courses.

The CHAIRMAN. Inasmuch as you will need some money, I suppose that it does not make much difference how much we appropriate, because the unexpended balance will be needed for next year and will be available for next year, and it would be unfortunate if in making a cut we cut it so that you would not have enough to carry the work along until the next appropriation is available.

Mr. MUNROE. We know approximately what the bills will be, and they must be met.

#### COOPERATION WITH BUREAU OF WAR RISK INSURANCE AND PUBLIC HEALTH SERVICE.

The CHAIRMAN. You have a pretty large force scattered throughout the country engaged in your work of making investigations, bringing these men in, etc., and in your regional offices. What are you doing with regard to cooperation with the Bureau of War Risk Insurance and the Public Health Service, so as to bring about some coordination of your activities?

Mr. LAMKIN. In the first place, the Public Health Service has always assigned physicians. On the other hand, we do employ nurses to look after the physical condition of the men in training, and, while we pay them, they are under the direction of the Public Health doctors in the field. At a recent meeting the board authorized the director to make such arrangements with the Director of the Bureau of War Risk Insurance regarding a closer cooperation and coordination of the services as might seem practicable. I have not yet seen Col. Forbes, the new director, but Col. Cholmeley-Jones and I were in thorough accord. We are making examinations to determine how we can place at the disposal of all the bureaus office space, equipment, personnel, etc., in order that we may cut out all duplication. We are trying right now to eliminate extra copies of examinations, extra examinations, extra communications, and extra clerks required in transferring information from one department to another.

The CHAIRMAN. Referring to the men who have been compelled to go to hospitals, after they get to a point where they can well turn their minds on to something else, do you give them any training there?

Mr. LAMKIN. Yes, sir. We are in every hospital where there are more than 20 men.

The CHAIRMAN. With that kind of activities?

Mr. LAMKIN. With training activities. We are assuming all the training activities.

The CHAIRMAN. What does it consist of?

Mr. LAMKIN. Some of it is reading, writing, and arithmetic, prevocational commercial training, some prevocational trade training, and some occupational therapy that the Public Health Service formerly gave. We are using that to lead the men into vocations when

they come out. We are having no difficulty with the Public Health Service along that line.

Mr. MUNROE. In connection with this arrangement that the Director says he is carrying out with the Director of the Bureau of War Risk Insurance, in October, 1918, when the Bureau of War Risk Insurance maintained that under the law it could not decentralize, we offered to place our facilities at the service of the Bureau of War Risk Insurance, in order to save any duplication, and they declined. We presented it to them formally, and it was formally declined. Therefore, we have been cooperative from the very beginning.

Mr. LAMKIN. The training pay roll for the last half of April, 1921, was \$4,014,335.19. That represents the pay to the men for maintenance for the last half of this month.

The CHAIRMAN. I wish you would give that by months for the whole year.

Mr. LAMKIN. Our total expenditure for the month of April was \$10,979,711.25.

The CHAIRMAN. As a matter of fact, if your present rate of expenditure should keep up, you would have enough money.

Mr. MUNROE. There are over 5,000 new men coming in per month.

The CHAIRMAN. You would need \$3,000,000 or \$4,000,000 more instead of \$15,000,000. When we had our hearings before, as I recall it, you then stated that you would have a surplus of about \$10,000,000.

Mr. LAMKIN. In my judgment we will require practically all of the \$15,000,000. Any balance, as you say, has already been made available for the next fiscal year. If our expenditures for April were \$11,000,000, for May are \$12,000,000, and for June are \$13,000,000, we will require \$36,000,000, and now have \$25,000,000. The probability is that our expenditures will increase more rapidly. I do not believe it safe to appropriate less than \$15,000,000, particularly as any unexpended balance is carried over to next year.

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FRIDAY, APRIL 29, 1921.

### FEDERAL POWER COMMISSION.

#### STATEMENT OF MR. O. C. MERRILL, EXECUTIVE SECRETARY, FEDERAL POWER COMMISSION.

##### PRINTING AND BINDING.

The CHAIRMAN. Mr. Merrill, you are asking that "Not exceeding \$5,000 of the appropriation of \$100,000 made for the Federal Power Commission by the act of Congress approved March 4, 1921, may be used during the fiscal year 1922 for necessary printing and binding." Why is this necessary?

Mr. MERRILL. Because without this authorization we could not do any printing or do any binding after the 1st of July, as I understand, under existing law.

The CHAIRMAN. You have no money available for this year at all?

Mr. MERRILL. No; we are proceeding this year under the authority of the decision of the Comptroller of the Treasury that a new organization may be permitted to do work of this kind until the matter is brought to the attention of Congress. (Vol. 18, Decisions of the Comptroller, p. 269.)

The CHAIRMAN. And out of what fund is that paid?

Mr. MERRILL. Out of the \$100,000 which we now have, carried in the act.

The CHAIRMAN. Why do you not pay for your printing and binding out of that appropriation?

Mr. MERRILL. We are doing that for the current year. This is for the next fiscal year.

The CHAIRMAN. Will not your appropriation of \$100,000 be available after the 1st of July for printing and binding?

Mr. MERRILL. Yes; but I understand that the comptroller would not authorize any bills after the end of this fiscal year unless specific authority was given by Congress for it.

The CHAIRMAN. Then you mean to say that unless we directly provide that you can spend money for printing and binding next year you can not use any of this \$100,000 for that purpose?

Mr. MERRILL. That is my understanding.

The CHAIRMAN. Is not this the ruling, that he will not permit you now to put in an order for printing and binding and have that printing and binding done so that it will be delivered to you on the 1st of July, but that you have to wait until the 1st of July before you can order it?

Mr. MERRILL. No, sir; we have printing and binding done right along now.

The CHAIRMAN. But you are not paying for that out of this appropriation?

Mr. MERRILL. We are paying for that out of the appropriation already in existence.

The CHAIRMAN. Is not that large enough?

Mr. MERRILL. It is large enough, but it is my understanding, and I have so been informed by the officials, that under the act of June 30, 1905, and under the decisions of the comptroller, that unless the Congress when the matter is presented to it should authorize specifically money for this purpose, we must cease doing it.

The CHAIRMAN. The appropriation act did not carry the language for printing and binding.

Mr. MERRILL. No; it was apparently an oversight that it was omitted.

The CHAIRMAN. Then what you really want is simply an amendment on the sundry civil bill authorizing you to expend not to exceed \$5,000 out of that appropriation next year for printing and binding.

Mr. MERRILL. Yes.

The CHAIRMAN. You do not want any of it now?

Mr. MERRILL. No. It is for the next fiscal year and applies to the appropriation made in the last sundry civil act.

The CHAIRMAN. How much are you expending this year for printing and binding?

Mr. MERRILL. We will expend probably about \$1,800 this year.

The CHAIRMAN. Then, why do you need \$5,000 for next year?

Mr. MERRILL. Next year we will have the annual report to print, which we do not have this year, and we will have regulations on accounting, etc., general regulations of the commission, so that our printing item will be considerably more next year.

The CHAIRMAN. I suppose this commission will do just like all other commissions and print a voluminous annual report of two or three volumes that nobody will ever read because it is so big.

Mr. MERRILL. In the act itself we are required under the terms of the act to print in extenso every license and permit issued, and that will mean several hundred pages. If that provision were not in the act, our annual report need not exceed 25 or 30 pages, but that happens to be one of the specific requirements of the act itself.

The CHAIRMAN. And you think you will require \$5,000 next year?

Mr. MERRILL. It is likely we will. I presume it is likely to cost \$1,000 to print the report, and possibly more.

The CHAIRMAN. Then you would have \$4,000 for other expenses.

Mr. MERRILL. And it will take about the same amount to print the accounting rules and regulations, and then we will have our general printing and binding which this year has cost us about \$1,800, and our general printing and binding is likely to be more next year because we have done very little this year.

The CHAIRMAN. If it was \$200 more, you would have only \$4,000.

Mr. MERRILL. That does not allow for any of the special reports authorized by the act that the commission may find necessary. I do not know at this time whether there will be any of those next year or not. We certainly shall not use more of it than is required

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SATURDAY, APRIL 30, 1921

STATE DEPARTMENT.

STATEMENT OF MR. WILBUR J. CARR, DIRECTOR CONSULAR SERVICE.

FOR RELIEF AND PROTECTION OF AMERICAN SEAMEN.

The CHAIRMAN. Mr. Carr, you are asking a deficiency appropriation of \$100,000 for the relief and protection of American seamen. You had an appropriation of \$100,000, and I wish you would tell us how you are getting along with that.

Mr. CARR. Mr. Chairman, we have sent to the Treasury Department already this year approved accounts for relief of seamen aggregating about \$107,000; they are, for the most part, for the first half of the fiscal year; all of them have not been settled and therefore they have not all been charged against the appropriation, but they are likely to be at any time. Thus it will be seen that nearly \$100,000 of obligations were created prior to January 1 last.

The CHAIRMAN. And you had only \$100,000?

Mr. CARR. Yes, sir; those accounts cover the period up to December 31 and include a few accounts for the March quarter. Now, we shall soon receive the accounts for the March quarter and those for the quarter ending June 30, the amount of which we do not know.

However, we have every reason to believe that at least \$200,000 will be required for the year; that is, \$100,000 in addition to the appropriation already made. Perhaps a larger sum will be found necessary in view of the fact that we have sent approved accounts to the Treasury for \$229,000 for the year 1920 and Congress has appropriated up to date \$205,000 for that year. The committee may wonder, with an appropriation of only \$100,000, why the State Department should spend \$200,000, and as to that I would like to explain that section 4577 of the Revised Statutes makes it the duty of consular officers to provide at public expense relief, transportation, medical attention, etc., for destitute American seaman who may come upon a consulate; the relief has to be provided by direction of Congress, and therefore the consuls have to spend the money. At the present time and for the last two years—ever since we have enlarged our merchant marine—there has been an enormous increase in the expense of relieving American seamen. Not only is the enlarged expenditure due to the greater number of American seamen, but there has been an extraordinary number of vessels wrecked or badly damaged at sea and of companies thrown into bankruptcy, forcing the sale of their vessels abroad. In most of these cases it becomes necessary for the consular officers to take over the wrecked or discharged seamen and send them home. A great many vessels have been sold abroad, and that is one reason for this great increase in relief funds.

The CHAIRMAN. I notice you have only estimated \$150,000 for next year.

Mr. CARR. We estimated, and Congress appropriated, \$150,000.

The CHAIRMAN. Do you anticipate there is going to be a falling off?

Mr. CARR. We did that because we felt we would rather ask you for less than too much, presuming, as in the past, that Congress would appropriate on the basis of settled claims if a deficit should occur.

The CHAIRMAN. How soon will you need all of this appropriation?

Mr. CARR. If the accounts that are in the Treasury were settled to-day, we would be \$7,000 short.

The CHAIRMAN. Do the accounts come in pretty promptly?

Mr. CARR. The March quarter accounts ought to be in, at least most of them, very soon, and the June quarter accounts will be in in July or the first part of August. There is a cash balance in the Treasury to-day of \$50,000, with accounts there ready to be charged against it of \$57,000, and accounts likely to be received in a few weeks aggregating probably not less than \$50,000 or \$60,000. If consular officers have to draw drafts, as many probably will, in order to obtain the money with which to grant relief, we will have no money to pay the drafts when received unless the \$100,000 is appropriated.

Mr. BUCHANAN. Does this statute lodge any discretion in the consular officer to judge whether or not the man was unfortunately stranded or whether it was through his own neglect or through drunkenness or dissipation?

Mr. CARR. The law says, Mr. Congressman, that any American seaman who is destitute has to be relieved. It is the destitution that is the determining factor, not the cause of it.

Mr. BUCHANAN. What instructions does the department issue, under the law, to the consular officers?

Mr. CARR. The instructions are that any seaman who is destitute, which means is without money or clothing, must be relieved.

Mr. BUCHANAN. Regardless of how he happened to be in that condition?

Mr. CARR. The law does not take any previous history of the seaman into consideration. The question is merely whether the man is destitute. If he is, he must be relieved. The law also says that if a vessel is wrecked and the whole crew come upon the consulate, all of them are destitute within the meaning of the law and have to be relieved.

Mr. BUCHANAN. I am not finding fault with a situation of that sort.

Mr. CARR. Likewise, the law says that any seaman discharged for illness or injury incurred in the service of a vessel is also destitute, regardless of whether he has wages or not, and must be sent home at Government expense. Our instructions are very explicit, but, also, the law is very generous to seamen and has been increasingly generous in the last few years.

Mr. BYRNS. The only question for the consul is whether it is a question of destitution and whether he is an American seaman.

Mr. CARR. Yes; and if the man is destitute, the law says he must be relieved and sent home.

Mr. BUCHANAN. Is there any discretion with the consul as to the amount of money that may be paid?

Mr. CARR. His instructions are to make the amount just as reasonable as possible, and whenever he can, to get the man employment on another vessel and dispose of the case in that way.

Mr. BUCHANAN. Are there any instructions as to sending him home on the first vessel, if he does not get employment?

Mr. CARR. Oh, yes. He must send him home and oftentimes there comes up a question of whether it is cheaper to send a man home or whether it is cheaper to maintain him in a boarding house a few days longer until there is an opportunity to get employment for him. Of course, the consul's discretion has to govern in a case of that sort. I presume your inquiries are directed to the administration of this law?

Mr. BUCHANAN. Certainly.

Mr. CARR. And for your satisfaction I would like to say that I am making now a very careful inquiry into all the operations of our consular offices under this law and under this provision, because I want to see for my own satisfaction whether we are getting the best possible value out of the money we spend.

Mr. BUCHANAN. There is abundant opportunity for abuse of discretion and even for the grafting of money.

Mr. CARR. Yes; that is true, but only to a very limited extent. All of the accounts must be accompanied with satisfactory evidence of expenditures and have to be audited in detail. A strict control is kept by the accounting officers of the Treasury over the expenditures, because with so many accounts coming in from so many offices, one can get a clear understanding of which officers are unduly extravagant and which are not. For example, if the consul at Liverpool can board a seaman for \$10 a week, we will hardly pass an account of the consul at Glasgow for \$25 a week. Besides these checks on misuse of authority, the character of expenditures is definitely fixed. The relief to be extended to seamen is carefully specified in

the consular regulations to be board and lodging, necessary and appropriate clothing, medicines and medical attendance. The cost of transportation on steam vessels is limited to 2 cents a mile, and on sailing vessels from \$10 to \$20 for the voyage.

CONTINGENT EXPENSES, FOREIGN MISSIONS.

The CHAIRMAN. You are also asking for the inclusion of the following language:

Contingent expenses, foreign missions: The Secretary of State is authorized to make payment of rent for dispatch agencies in the United States from the appropriation for "Contingent expenses, foreign missions," made by the diplomatic and consular appropriation act approved March 2, 1921, notwithstanding the provision of section 2 of the said act.

Mr. CARR. Mr. Chairman, in the consideration and drafting of the Diplomatic and Consular appropriation act, which passed the last Congress, there was an oversight in connection with the appropriation for contingent expenses, foreign missions, and section 2 of that act, forbidding the use of money for rent in the District of Columbia or elsewhere in the United States unless expressly provided for by the act. The subject of rent of quarters for the dispatch agencies in New York and elsewhere in the United States did not come up at those hearings, to the best of my recollection, and that precise question was not considered. After the passage of the act the question of the effect of section 2 was submitted to the Comptroller of the Treasury, and we were informed that in his opinion the act forbade the expenditure of the money for the purpose of renting quarters for the dispatch agencies. It would be a pity to have to close the dispatch agency in New York. We will have to close it if payment of rent is denied, and we will then have no forwarding agency there to care for our supplies, for missions and consulates abroad, and for the forwarding and receiving of diplomatic pouches. The expenditure in the last few years has only been from \$1,000 to \$2,000 for rent in New York, and we do not expend anything so far for rent at New Orleans or San Francisco.

The CHAIRMAN. In making up your estimate for contingent expenses, foreign missions, for the next year, and in the consideration of the estimate for the fiscal year ending June 30, 1922, did you include the items of rent for the dispatch agency?

Mr. CARR. No; they were not included.

The CHAIRMAN. Where did you expect to get the money?

Mr. CARR. As a matter of fact, we are now proposing to amend the act appropriating for the next year; but next fall, when we make up our estimates, we will then take that into consideration and recommend to Congress a modification of the language which will enable us to continue to rent quarters for the dispatch agencies.

The CHAIRMAN. But in forming that bill, the committee last year put in this language just as you have stated:

No portion of the sum appropriated in this act shall, unless expressly authorized, be expended for rent in the District of Columbia or elsewhere in the United States.

Did you submit estimates expressly for rent in the District of Columbia or elsewhere in the United States for this dispatch agency?



Mr. CARR. No; that provision was the creation of this committee. The department did not recommend it, as I recall, but the committee thought it wise to restrict the expenditures for rent in the manner indicated because it wished to prevent the international bureaus in this country, especially here in Washington, from paying high rents to private landlords and force them into Government-owned buildings. The dispatch agency in New York, however, was not mentioned during the consideration of the matter, and the application of section 2 to it escaped the attention of the committee and the department.

The CHAIRMAN. Is that the only place where you are now renting quarters?

Mr. CARR. That is the only place. We have a dispatch agency in New Orleans and one in San Francisco, but we are fortunate enough to be able to have them in the customs houses.

The CHAIRMAN. And this agency in New York costs you less than \$2,000 for rent.

Mr. CARR. The present rental is \$2,000. It has varied from \$1,000 up to \$2,000 in the last few years.

The CHAIRMAN. How many employees do you keep at that dispatch agency?

Mr. CARR. I have forgotten just how many; we pay a salary of \$3,000 to the agent, and we pay \$4,800 for the clerical force, so there are not many employees, as you can see. The dispatch agency is mainly a forwarding agency for our diplomatic pouches and our freight and official supplies for the missions and consulates.

The CHAIRMAN. Then you would either have to have language of this sort or else an appropriation of \$2,000 for rent.

Mr. CARR. Yes; or we would have to go without a forwarding agency, which I think would be very unfortunate.

The CHAIRMAN. Did the committee bill carry an appropriation for the personnel of this dispatch agency at New York?

Mr. CARR. Oh, yes; just as usual.

The CHAIRMAN. They did not cut that out?

Mr. CARR. No; in the appropriation for contingent expenses, foreign missions, provision is expressly made for the dispatch agencies at New York, San Francisco, and New Orleans, and therefore there can be no question in regard to the intent of Congress that they should be continued.

The CHAIRMAN. And you have heretofore been paying this rental from the contingent expenses, foreign missions, appropriation.

Mr. CARR. Yes, sir.

PASSPORT BUREAUS, NEW YORK, SAN FRANCISCO, SEATTLE, CHICAGO  
AND NEW ORLEANS.

The CHAIRMAN. For the New York passport bureau, you are asking a deficiency for the fiscal year 1922 of \$20,820.

Mr. CARR. This is in the nature of an additional appropriation, Mr. Chairman. We estimated for the continuation of the passport bureaus in New York and San Francisco at the last session of Congress. Congress did not continue those offices and there was a good deal of debate about them in Congress. I think the department felt, perhaps, that the matter had not been presented in a proper or

adequate manner to Congress. The Secretary took this question up and, considering it from every angle, felt it would be in the public interest and in the interest of a great many individuals not only to restore the New York and San Francisco offices, but to establish additional offices in Chicago, Seattle, and New Orleans to facilitate the issuance of passports in those cities and the regions conveniently accessible to them, and thus serve the public better than they have been served. At the same time it is clear that this can be done at practically no expense to the Government, since the fees which would be collected at these agencies and turned into the Treasury would reimburse the Government for the entire cost. If the agency did not exist, these fees would go principally into the pockets of the clerks of the State courts and be lost to the Government. We estimate, for example, the New York office will cost \$20,820. We also estimate that the number of applications received at that office in the course of a year, for each of which \$1 is charged, would be about \$41,000, enough to pay twice the cost of the maintenance of the bureau at New York. We estimate that the cost at San Francisco would be \$7,500, and that the fees for the applications would probably be over \$5,000. The Chicago office is estimated to cost probably \$17,500. So far as can now be seen, and this is merely an estimate and I do not know whether it is accurate or not, the fees for execution of applications would amount to \$5,600. My own opinion is that the Chicago office could be made self-supporting.

Mr. BYRNS. In speaking of fees, Mr. Carr, do you refer to the fees paid to clerks of courts who take the affidavits?

Mr. CARR. Yes; who execute the applications. The law requires that a fee of \$1 shall be collected for the execution of the application for a passport, and the regulations require that those applications be executed before clerks of courts. In New York, for instance, there are, I think, two Federal courts and 19 State courts. If there was not a passport bureau in New York, it is probable that most of the fees for executing applications would go to the clerks of the State courts. The fees collected by the passport office at New York not only supports that office but produces a surplus great enough to support three other passport offices. At all the offices recommended we estimate there would be enough fees collected merely for executing applications to cover the outlay by the Government for the maintenance of these offices, so that the Government would have, as we believe, as net gain, the great convenience to the public, the reduction of work here in Washington in the passport office, and the greater certainty in the issuance of passports which would naturally follow.

Mr. BYRNS. How do you arrive at your estimate of 41,000 applications at New York?

Mr. CARR. It is based upon the actual figures as to the number of yearly applications at present.

Mr. BUCHANAN. Would these bureaus be authorized to issue the passport?

Mr. CARR. They would be authorized to issue passports in special cases on telegraph or mail instructions from the department, but not independently of the department. In certain cases where there is great urgency the department has authorized the bureau to issue the passports. During the past year over 400 of these passports were issued in New York and over 300 by the office in San Francisco.

You can readily understand how much it must have meant to the individuals to be spared the delay of waiting until the documents could be issued by the department at Washington.

The CHAIRMAN. You are maintaining passport offices at each of these places now?

Mr. CARR. At New York and San Francisco, but not at Chicago.

The CHAIRMAN. And you now propose to establish one at Chicago, Seattle, and New Orleans?

Mr. CARR. Yes; and the reason for that is, it is from those places that the great mass of urgent applications come.

The CHAIRMAN. What was the argument used for discontinuing the two already established?

Mr. CARR. I think the argument used was mainly that it was an undue expense to the Government. It had not been shown to Congress that the offices were self-sustaining and repaid the Government for the total cost. Another argument that was used against them was that if agencies were maintained at New York and San Francisco, there was no reason why other large cities should not equally be entitled to passport agencies. I think there is no reason for apprehension as to the demand for additional offices. New York, San Francisco, Seattle, and New Orleans are great shipping ports and accessible to the inhabitants of large territories, and Chicago is accessible to the Middle West, and it would be a great convenience to have an office there. I do not see any reason to anticipate an embarrassing increase in the demand for passport offices, and I think should Congress be apprehensive in that regard it could easily provide for such restrictions as would prevent an increase in the number of offices beyond those now recommended by requiring that offices should be self-supporting if necessary.

The CHAIRMAN. I suppose the theory was that this work would all be referred, in the first instance, to Washington, and that Washington might as well issue the passports.

Mr. CARR. That was the theory in the first place, and that was what was done when the New York and San Francisco offices were first established.

Mr. BUCHANAN. That is practically what would be done anyway because the telegraphic authority would have to come from Washington and they would have to pass on it in some way.

Mr. CARR. The existence of the passport office insures that applications when received at the department are correctly made out and facilitate the issuance of the passports. In cases of emergency the bureau can be authorized to issue the passport and save the time required to send it from Washington.

Mr. BUCHANAN. Some authority would have to come down here to request the telegraphic authority, either by letter or telegram, and a telegram or letter would have to be sent back.

The CHAIRMAN. Do you not grant practically all of them, anyway?

Mr. CARR. We grant most of them, yes; but not all. Here is one of the principal uses of this agency: Let us say a man in New Orleans wants a passport and sends his application up here. He may not have executed it properly and may have to wait until it is returned to him from Washington for correction. If he has an agency nearby he can get his application executed correctly in the first place, and do it very speedily. It helps the people out over the country greatly to

have a bureau near by to which they can take their applications and get them properly executed before sending them on to Washington. I remember that the business people in New York, when they found that Congress had abolished the New York office, protested loudly about it, as being a great inconvenience to them. If that is true in New York, within five hours of Washington, how much more is it true in San Francisco and New Orleans and Seattle and Chicago.

The CHAIRMAN. When was it first established in New York?

Mr. CARR. It was established in New York, I think, back in 1915, after the war came on, when we had to insist upon persons having passports and be so strict about issuing them.

The CHAIRMAN. I suppose the theory was that this was one of the war agencies that we provided during the war, and now that the war was over, we could do away with it.

Mr. CARR. That, I think, had something to do with it, but the theory was wrong, because passports have not been done away with; that is to say, the United States does not require persons leaving this country to have passports—

The CHAIRMAN (interposing). You do not?

Mr. CARR. No; but the individuals have to have them just the same, because they can not get into England, and they can not get into France, or into scarcely any country abroad without passports.

The CHAIRMAN. Was this matter pretty carefully gone over by the House committee before?

Mr. CARR. It was not very carefully gone over, Mr. Chairman, largely because the department had not felt that there was danger of the item being omitted, and that is one of the reasons why the department thought it was only fair to bring it before this committee again.

The CHAIRMAN. Mr. Carr, you take in the same fee whether you have these passport agencies scattered over the country or whether you issue all the passports from the State Department in Washington?

Mr. CARR. No; that is just the point I am making. We would not take in the fee for executing the applications because most of them would be executed before clerks of State courts who would retain the fees. The fee for the passport is not included in this at all. We would get that anyway, but the fee for the execution of the application, which we estimate will fully reimburse the Government for the expense of maintaining these agencies would, in all probability, if a bureau was not maintained, go into the pockets of the clerks of the State courts.

The CHAIRMAN. Or of the Federal courts?

Mr. CARR. Or of the Federal courts, but in case they are collected by the clerks of State courts, which would very likely happen, they would be lost to the Federal Government.

Mr. BUCHANAN. You figure that the Government would execute the applications, instead of the clerks of the courts, and thereby return the fee for taking that affidavit into the Treasury?

Mr. CARR. Yes. For instance, we know, Mr. Congressman, that in New York 41,094 applications were taken during the last year.

The CHAIRMAN. And you collected that many dollars?

Mr. CARR. Yes.

The CHAIRMAN. And the office cost you how much?

Mr. CARR. \$20,000.

Mr. BUCHANAN. Still, you would have taken in that many dollars anyway.

Mr. CARR. No.

Mr. BUCHANAN. You charge \$1 for a passport?

Mr. CARR. No; we charge \$9 for the passport. We get that fee anyway, whether the application is executed in New York or Washington. I am omitting that fee from my calculations. It is the fee for executing the application for the passport that I am seeking to get possession of, and which would otherwise be lost to us.

The CHAIRMAN. It seems like a money-making proposition.

Mr. CARR. I have studied it very carefully, and I think the committee would do a wise thing to establish all these bureaus, especially as they will prove a great convenience to the public, and to business men in particular, and involve no outlay on the part of the Government that will not be reimbursed.

The CHAIRMAN. In what law are you authorized to charge this fee?

Mr. CARR. The diplomatic and consular act of 1920 fixes a fee of \$1 for an application and \$9 for a passport. It might interest you to know with respect to our New York office, that the total receipts of that office are something like \$410,000. The applications alone numbered 41,000 last year. The other \$9 made the total receipts something like \$410,000 for that one office. Our total receipts for issuing passports probably amount to \$1,200,000.

Mr. CANNON. Are you going to have an office in Boston?

Mr. CARR. We have had no application for it and I think we would be doing very well to stop with New York.

Mr. CANNON. You have one in New Orleans now.

Mr. CARR. No; we have none at New Orleans now.

Mr. CANNON. Will you have one at Portland and Seattle.

Mr. CARR. There has been a great deal of agitation for one in Seattle. As matters stand now, we estimate that the fees collected at these offices for applications will fully support the offices and the department is making no recommendation for anything that will involve the Government in any additional outlay.

Mr. CANNON. You will have none at Los Angeles or at San Diego?

Mr. CARR. No, sir. We think San Francisco and Seattle ought to be sufficient for the Pacific coast and New Orleans for the southern ports. I think the establishment of these agencies would also reduce the work here in Washington in the State Department in correcting applications and sending them back, and the public would be saved a lot of inconvenience. In the event that you should wish to know just how we propose to organize these offices if established I submit a statement showing the proposed expenditures:

*Detailed statement of estimates for passport bureaus.*

New York:		New York—Continued.	
Agent.....	\$2,500	1 messenger boy.....	\$480
Assistant agent.....	2,250	Contingent expenses.....	2,550
Do.....	2,000		
Clerk.....	1,800		20,820
2 clerks at \$1,600.....	3,200		
2 clerks at \$1,400.....	2,800	San Francisco:	
2 clerks at \$1,200.....	2,400	Agent.....	2,250
1 messenger.....	840	Clerk.....	1,600

San Francisco—Continued.		Seattle:	
Clerk.....	\$1,400	Agent.....	\$2,250
Messenger.....	720	Clerk.....	1,200
Contingent expenses.....	1,530	Contingent expenses.....	1,050
	<u>7,500</u>		<u>4,500</u>
Chicago:		New Orleans:	
Agent.....	2,500	Agent.....	2,250
Assistant agent.....	2,000	Clerk.....	1,600
Clerk.....	1,800	Do.....	1,400
Do.....	1,600	Messenger.....	720
Do.....	1,200	Contingent expenses.....	1,530
Messenger.....	840		<u>7,500</u>
Contingent expenses.....	1,560		
Rent.....	6,000		
	<u>17,500</u>		

## TREASURY DEPARTMENT.

STATEMENT OF MR. A. W. MELLON, SECRETARY OF THE  
TREASURY, ACCOMPANIED BY MR. ELLIOTT WADSWORTH  
AND MR. S. P. GILBERT, ASSISTANT SECRETARIES.

## OFFICE OF THE SECRETARY—FOR UNDERSECRETARY OF THE TREASURY

The CHAIRMAN. Mr. Secretary, you are asking for the creation of the office of Undersecretary of the Treasury, at a salary of \$10,000.

I think this matter was submitted in the estimates for next year and considered by the subcommittee on the legislative, executive, and judicial appropriation bill?

Mr. GILBERT. I think that is right.

The CHAIRMAN. Did you appear before the subcommittee?

Mr. GILBERT. I appeared, but not in that connection; I appeared generally.

The CHAIRMAN. At that time the matter was pretty thoroughly gone into, was it not?

Mr. GILBERT. No; I should say not.

The CHAIRMAN. Mr. Secretary, would you like to make a statement with regard to the creation of that office?

Secretary MELLON. The idea is simply this. Each one of the assistant secretaries having charge of his own bureau and the whole department being comprehensive, the undersecretary, whose duty it would be to support the Secretary, as it were—I mean a man familiar with all of the department—could relieve the Secretary of a great deal of work, and in that way the affairs of the department would go on more efficiently; there are so many sorts of drags on me which could be taken over by the undersecretary. When you consider the magnitude of the whole affairs of the office, I think there is no doubt but what that sort of an organization would make the work proceed more smoothly and more efficiently.

The CHAIRMAN. How much of the time of an assistant secretary is required at the present time in connection with the work of hospitalization, the Bureau of War Risk Insurance, and the Public Health Service in connection with the soldiers?

Secretary MELLON. That is as large in volume, I suppose, as the fiscal work of the office; it is all the work that one assistant secretary can do. Under this plan of an undersecretary the whole organization will be more flexible. Suppose that the work of one department or one bureau dwindles or is taken away, then an assistant secretary could be dispensed with and the work taken over by the undersecretary. It would be much better than if you have, as it is now, an assistant secretary for each bureau or division.

The CHAIRMAN. To what extent would an undersecretary relieve the Secretary of details or minor things that the Secretary must now attend to?

Secretary MELLON. Well, of course, I can see where there would be a great deal of relief. There would be, to some extent, a relief in the correspondence. The undersecretary could take care of a good part of the correspondence. There is a great amount of that, and it takes a good bit of time, and even some of the correspondence, where it would not be appropriate for the undersecretary to sign it, he could sort of digest it and bring it in shape, just as other work comes in, initialed. The Secretary could rely on his undersecretary in that way and not give the amount of time necessary to read in detail all of this correspondence. I can see where a man could take it and assimilate it and bring it to the Secretary in the shape where it would not require the amount of time that is otherwise required.

Mr. BYRNS. Mr. Secretary, I recall a few years ago—I am not sure that it was before the position of undersecretary in the State Department was created—that Mr. McAdoo came before the committee and urged that his work was entirely too great for any one man to assume, especially with the larger details which came under his direct supervision and that he needed some one to take some of the load off of his shoulders. Congress then created the position of assistant to the Secretary, I think the position is called, and I think you still have that position.

Secretary MELLON. Yes, sir.

Mr. BYRNS. Is it contemplated, Mr. Secretary, that that position will be retained, even though the position of undersecretary is created?

Secretary MELLON. I doubt whether, with the undersecretary, whether the position of assistant to the Secretary would be necessary; it may be.

Mr. GILBERT. I think there is enough work for the assistant to the Secretary, and that the positions would not at all conflict.

Secretary MELLON. Now we are looking forward to a reorganization. As it is now, there appears to be plenty for everybody to do, because everything is coming in. One reason now is that there is so much placing of people all over the country with regard to the Internal Revenue Bureau and all of the other bureaus which come under the department. There is a greater amount of work now than there will be later on, and so the assistant to the Secretary and all of them are necessary.

Mr. BYRNS. I realize full well, Mr. Secretary, that tremendous problems, bigger than any Secretary of the Treasury has ever had before, now rest upon the Secretary of the Treasury, and, of course, he should be free to give his time and attention to those problems rather than having time taken up with matters of less moment.

Secretary MELLON. You can see, as it is now, there is not time to give thought to the matters that really ought to have the thought. You can not have continually a lot of matters being pressed on you and then give much thought to any problem that is of importance. Take, for instance, the tax program and the tax recommendations. I think with an undersecretary that the office can be put into shape so that the Secretary will be relieved to an extent that would be really for the good of the whole service. That is the idea. I am quite sure if it were a large corporation or an industrial organization that there would be a vice president, who would have large authority there. If it were an industrial organization organized on the plan of the Treasury Department, there would be a president, and then you would have various heads of departments, such as the manufacturing department, accounting department, etc. The president of such an institution could not handle the business to such advantage as he could if he had this assistant right in his office.

The CHAIRMAN. Would he relieve the Secretary when it came to investigating the qualifications of applicants for appointment?

Secretary MELLON. I think he could to a large extent. I know that in a great many cases he could do quite a lot in that direction, though that work might more probably be in the hands of the assistant to the Secretary.

The CHAIRMAN. Mr. Secretary, I assume that the proposed legislation with regard to the tariff, together with the proposed modifications in our tax laws, will naturally take a great deal of your time?

Secretary MELLON. Yes; I imagine so.

The CHAIRMAN. That will be the case for some time to come?

Secretary MELLON. Yes, sir.

The CHAIRMAN. I was just wondering to what extent the proposed undersecretary would be able to give you relief from those minor duties, if this office were created, or duties that can not now be intrusted to the assistant to the Secretary.

Secretary MELLON. In the preparation of the general schedules, I do not know. There might not be so much relief in that regard, because that is a question of gathering up the information. However, in the general run of things there are a great many matters that could be delegated to him, or to an undersecretary, that would relieve me and give me time for the more important matters, such, for instance, as the tax program. There are a great many other matters constantly coming before me. For instance, I am asked for my views in regard to some measure that has been introduced. These measures, of course, are mostly ones relating to the department, and, as it is now, I do not really have time to give them the consideration they should have. I am referring now to the question of the budget, and everything of that kind that is submitted to the Secretary of the Treasury. I have gone into the question of the budget bills that have been introduced, and I have participated in conferences on them. It seems to me that those are the things that it is important for the Secretary to give his time to. In order to get that time, the undersecretary would have to take away a great deal of work that now devolves upon the Secretary. Very frequently there is something coming up of that kind that does not admit of delay.

Perhaps something comes up there in regard to the organization, as, for instance, in the Internal Revenue Bureau, which may involve



the question of the transfer of the work of a division to some other division. That may involve the securing of a lot of detailed information before a decision can be made. There are one or two matters of that kind on hand now, and I have had to send for the commissioner and talk to him about them. Now, that work could be done to much better advantage by someone who could take it up and get the matter into proper shape for decision. In other words, those matters could be put in a much simpler form and in better shape to be considered and to come to a conclusion on.

The CHAIRMAN. What have you say with regard to the creation of this office under a title something like the one you have suggested as being likely to attract men of greater capacity than you would be able to attract to such an office as that of assistant to the Secretary?

Secretary MELLON. That, of course, is an important consideration, because in these places it is in the main not a question of salary, but a question of the position and its responsibilities. Of course the attraction there would be much greater, and therefore there would be a greater opportunity to obtain a high-grade man to fill the position. There are a great many questions there that necessarily come to the Secretary for attention. For instance, there are the regulations in regard to prohibition that we are about to put into effect. Then there is the butter question, and I spent two hours recently going over the butter question. There it came to a question of getting more information from the Attorney General. It is the same way in regard to prohibition, or the enforcement of prohibition, because there are many questions involved in that. Some of them are so important that there must be a hearing upon them. That must be done when there is a dispute that must be settled. Some of those matters in the Bureau of Internal Revenue can be handled by an Assistant Secretary as well as by the Secretary, but they could not be very well handled by the commissioner. Of course the commissioner has hearings, but some of those things must go to the Secretary for decision. They are matters of very considerable importance, and the decision of the commissioner does not seem to satisfy the parties.

Mr. BUCHANAN. Nobody will be satisfied when the decision is against him.

Secretary MELLON. No; that is right, but if it goes further on for decision, then they must be satisfied.

Mr. BUCHANAN. Why not let the first decision be final and be done with it?

Secretary MELLON. That is being done, of course, but there are some questions that are really important in regard to the revenue, and there are some of those unsettled tax cases that are coming up. There are always questions of that sort that will arise. Of course, I am not familiar with what the department will be in normal times, but now there is a great deal of congestion. The great congestion, of course, is in the Internal Revenue Bureau, because there are still thousands of unsettled tax claims. The Secretary, of course, can not undertake to settle those questions personally, but he could get better results in the whole organization by arranging it so that the business can be disposed of more expeditiously, to the end that this congestion may be relieved. It is in that respect that the most

attention from the Secretary is required now. There is another factor to be considered in connection with the Internal Revenue Bureau, and that is the enormous amount of money that is tied up that should be gotten in, and the more quickly it is gotten in the more advantage it will be to the Government. All of those things are piling up because there is not enough force to take care of the work. The force that is there now might handle the work much better but for the fact that the methods now in use are not such as are calculated to most expeditiously dispose of it. There is not enough responsibility up and down and all along the line to dispose of matters, and the result of that is that everything is passed on up and up. That has been done until now there are thousands of those unsettled cases that must be disposed of.

Mr. BUCHANAN. That the Secretary must dispose of?

Secretary MELLON. What I mean is that the department requires attention from the Secretary in the reorganization of it and in putting into effect better methods, so as to have that business disposed of more promptly; that is what I mean.

#### COMMISSIONER OF THE PUBLIC DEBT.

The CHAIRMAN. You are asking that there be created the position of commissioner of the public debt. I believe you now have an official performing that function. Have you not now a commissioner of the public debt?

Mr. GILBERT. He is now called the commissioner of the public debt, and is employed under the existing appropriation which expires on June 30. This committee at the last session of Congress included it in the bill as reported.

The CHAIRMAN. It did include that item?

Mr. GILBERT. Yes, sir; but it was stricken out on a point of order.

The CHAIRMAN. Did the appropriation for the expense of loans lapse?

Mr. GILBERT. The lump-sum appropriation lapses on June 30, 1921. There was a new appropriation of \$3,750,000, but it is so limited that it can not be used to pay this salary.

The CHAIRMAN. How important do you consider that office, Mr. Secretary?

Secretary MELLON. I am not so familiar with that. I get my information in regard to the importance of it from Mr. Gilbert.

Mr. GILBERT. I think that officer is the most important officer in connection with the public-debt operations, which are now of a perfectly stupendous magnitude every year. The issues and redemptions of public-debt obligations in the year 1920, for example, amounted to about \$14,000,000,000. The commissioner of the public debt is at the head of an organization consisting of the Register of the Treasury, who handles the retired securities as they come in; the Division of Loans and Currency, which handles the issues of securities, and the Division of Audit, which keeps in harmony the accounts of the issue and redemption divisions. In order to secure coordination between those services and manage what is really a bureau organization for the public-debt service, with about 3,000 employees in the three offices, a highly competent head is required.

The CHAIRMAN. Do you mean to say that the Commissioner of the Public Debt now has 3,000 employees under him?

Mr. GILBERT. Yes, sir; 3,000 under his immediate supervision, in the three offices named.

Mr. BUCHANAN. There are several divisions under him?

Mr. GILBERT. Yes, sir; he has in charge the Division of Loans and Currency, which is an old division; the Register of the Treasury, and the Division of Public Debt Accounts and Audit, which handles the public debt accounts. The responsibilities of the office are almost unbelievable. The register's office alone has under examination about \$45,000,000,000 worth of retired securities.

Mr. BYRNS. Does he have supervision of the Register of the Treasury?

Mr. GILBERT. Yes, sir; he has supervision of the register. The register is under the direct supervision of a commissioner, but the commissioner has intermediate supervision and reports to the Secretary through the fiscal Assistant Secretary.

Mr. BUCHANAN. You have now a commissioner under the Secretary, so far as this office is concerned?

Mr. GILBERT. The Commissioner of the Public Debt would correspond with the Commissioner of Internal Revenue, or the Director of the War Risk Insurance Bureau, or the head of the Public Health Service.

The CHAIRMAN. If this office should be abolished, what head would there be to coordinate the functions of those three divisions?

Mr. GILBERT. Their operations are now supervised by the commissioner of the public debt, and to some extent by the Secretary and Assistant Secretary, as they are able to give attention to them. It would be almost physically impossible for the Secretary or Assistant Secretary, or either of them, to take over the duties of the commissioner of the public debt, because even with an undersecretary they will have all they can do without handling the details of a bureau organization.

The CHAIRMAN. The commissioner of the public debt has been receiving a salary of \$6,000?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. For how long?

Mr. GILBERT. I think since about December, 1919.

The CHAIRMAN. With approximately \$7,514,000,000 of short-term debt maturing within the next two and a half years, there will certainly be considerable work to be performed by some officer who would have charge of this particular function.

Mr. GILBERT. Yes, sir; the commissioner of the public debt will have all he can do for many years to come. He will have \$24,000,000,000 of debt to handle, with about \$7,500,000,000 of debt maturing within a few years.

Mr. BUCHANAN. Who attended to those things before you had a commissioner of the public debt?

Mr. GILBERT. They were not attended to then except as the Secretary or Assistant Secretary could devote their time to the work.

Mr. BUCHANAN. How long have you had a commissioner of the public debt?

Mr. GILBERT. Since December, 1919.

Mr. BUCHANAN. Each one of these divisions has a man at its head. For instance, the Division of Loans and Currency has a chief, and you have a Register of the Treasury who is at the head of that organization.

Mr. GILBERT. Yes, sir.

Mr. BUCHANAN. Then this other man, or the commissioner of the public debt, has his own division?

Mr. GILBERT. Only his immediate office. He is the man who supervises the other three divisions—that is, the Office of the Register, the Division of Loans and Currency, and the Division of Public Debt Accounts. By the way, the commissioner has eliminated duplications and coordinated the work of those divisions to an extent which has made it possible to effect a saving of over 1,000 employees.

Mr. BUCHANAN. Have they been saved so that he would not have to employ them again, or has he discharged them?

Mr. GILBERT. He has discharged several hundred employees, and has refrained from filling vacancies.

Mr. BUCHANAN. We have not discharged 1,000 employees in the Treasury Department recently.

Mr. GILBERT. There has been a shrinkage of over 1,000 employees in the Public Debt Service. It has been taken up in the department as a whole to some extent by an increase in the Internal Revenue Bureau.

FOR ADDITIONAL EMPLOYEES—ASSISTANT TO THE ASSISTANT SECRETARY.

The CHAIRMAN. You are also asking for an assistant to the Assistant Secretary at \$4,500, three clerks at \$2,500 each, one at \$2,200, and one at \$2,000. If you should create the office of undersecretary, instead of having an assistant to the Assistant Secretary, would it not be more logical to have an assistant to the undersecretary?

Mr. GILBERT. I think it would. That is probably what ought to be done. If that office is to be created, the appropriation would probably be available for that purpose anyway.

Secretary MELLON. It would practically work to the same end either way.

The CHAIRMAN. I take it, Mr. Secretary, from what you have stated, that you want to bring about some reorganization along business lines in the department, or such a reorganization as a business man would attempt to bring about in the department if it were his establishment. Unquestionably, the war threw upon the Secretary's office a great many things that had to be done quickly and the department has grown. While we were running in debt there was not much time to talk about organization.

Secretary MELLON. There are matters connected with the department that might be changed in the course of time. For instance, there is the Public Health Service, which really is not germane to the Treasury Department at all, but it is under that department. To illustrate, I was asked one day to make an appointment for the Interdepartmental Hygiene Board. That was the first time I had ever heard of it. They came in, and there was the Secretary of War, the Secretary of the Navy, the Surgeon General of the Army, and several

others. There were five or six of them, and that whole organization had to do with syphilis and gonorrhea. They had had an appropriation from Congress, and this meeting was to consider the estimates for another year for the purpose of carrying on the organization. They were looking after sailors and had a research department, and they do a lot of work of that kind. There are matters of that kind that come up and take a great deal of the time of the Secretary. The Secretary can not get away from them, and he must give a certain amount of his time to them. However, the days are short, and if there are a lot of things of that kind, then the matters that are of the highest importance for him to look after are at least crowded. He can go through with them, but he can not do full justice to the work.

The CHAIRMAN. What is the plan with regard to this assistant to the Assistant Secretary, or just what duties would he perform? Why is it necessary to create this position?

Mr. GILBERT. He is there now. There is now an assistant to the Assistant Secretary, and has been for at least five or six years. This is not a new position. The Assistant Secretary requires a competent assistant to assist him in routing and preparing papers and in handling routine matters.

Secretary MELLON. To a certain extent, if there are letters that have to be answered, where the assistant can prepare the answers, he does so. Those are letters of minor importance. He can take care of those letters, and they are signed by the Secretary and go out as the Secretary's letters. Many of them are of minor importance, and they can be prepared by him. Then all the Secretary has to do is to look at them to see that they are proper to be sent out.

Mr. BYRNS. I do not understand that you have now an assistant to the Assistant Secretary under that title.

Mr. GILBERT. Yes, sir; there is an assistant to the Assistant Secretary.

Mr. BYRNS. You have three or four Assistant Secretaries?

Mr. GILBERT. We have five.

Mr. BYRNS. And you have one assistant to the Secretary?

Secretary MELLON. Yes.

Mr. BYRNS. Have you such a position now as assistant to the Assistant Secretary?

Mr. GILBERT. There is no statutory position of that title. There has been for some years an assistant to the fiscal Assistant Secretary, and he is so carried on the pay roll.

Mr. BYRNS. It is not a statutory position?

Mr. GILBERT. No, sir; he is paid out of the expenses of loans appropriations, out of the lump-sum appropriation.

The CHAIRMAN. What salary?

Mr. GILBERT. \$4,500.

The CHAIRMAN. How long has that salary prevailed?

Mr. GILBERT. I can not answer that accurately, but, roughly, about a year.

The CHAIRMAN. What is the occasion for asking for money for next year for this purpose?

Mr. GILBERT. Because he is really doing indispensable work.

The CHAIRMAN. Can you not pay him out of the same appropriation?

Mr. GILBERT. That appropriation has restrictions in it by which only one salary of \$3,500 can be paid. If that restriction were removed, he could be taken care of.

Mr. BUCHANAN. Is that restriction carried in the last bill?

Mr. GILBERT. It is in the bill for 1922.

Mr. BUCHANAN. Then, you are asking this for the year 1922?

Mr. GILBERT. Yes, sir.

Mr. BUCHANAN. All of this is for 1922?

Mr. GILBERT. Yes, sir.

Mr. BUCHANAN. Then, this is not a deficiency.

Mr. GILBERT. No, sir; it is a supplemental estimate.

#### FOR ADDITIONAL CLERKS.

The CHAIRMAN. How about these other positions? Do you have the three clerks now?

Mr. GILBERT. Yes, sir; they are employed at those salaries now. They are in the nature of private secretaries.

The CHAIRMAN. You can pay them out of the lump-sum appropriation, can you not?

Mr. GILBERT. They could be paid from that appropriation if the restrictions were removed. The restriction goes further and provides that only a very limited number can be paid as much as \$2,500. They could be taken care of under that appropriation if those restrictions were removed, if it were thought undesirable to create new positions.

Secretary MELLON. Speaking of deficiencies, there is a deficiency or will be one in the Prohibition Enforcement Division. Their appropriation was about exhausted, but in checking the matter up with the prohibition-enforcement officer and with Commissioner Kramer, it was found feasible to dispense with enough men from this time on, or rather, to suspend them, to meet the situation. They are suspending them with the idea that they can in that way make up for the deficiency that would otherwise be created. There was a question of whether to ask for a deficiency appropriation and keep the men, or dispense with them, and they finally concluded that they could get along by suspending a certain number for three months. That was a new feature to me, to suspend men for a certain length of time in that way, but they seemed to think that it could be done, and that is what they are doing.

The CHAIRMAN. I think there are some that they will not take back. We had some hearings previously on that same subject, and it occurred to the committee that the law could be just as well enforced by dispensing with some of the persons who were employed.

Secretary MELLON. I think there is no doubt about that.

The CHAIRMAN. You have all of these persons employed now, and have had them for some time, and will need them for next year?

Mr. GILBERT. They are all employed now and many of them are working 12 hours a day now.

The CHAIRMAN. They are men who have grown up in the department?

Mr. GILBERT. Yes, sir; many of them have been there for 20 or 30 years.

The CHAIRMAN. It is not the purpose, then, to create new positions, but these are civil-service employees?

Mr. GILBERT. Yes, sir; all of them are civil-service employees.

The CHAIRMAN. They are civil-service employees who have won their spurs and are doing work that must be done?

Mr. GILBERT. They are tried and experienced employees who have grown up with the work, and who are really indispensable.

Mr. BUCHANAN. Were all of those positions cut out of the Treasury Department by the last legislative bill?

Mr. GILBERT. They were cut out.

Mr. BUCHANAN. Did the legislative bill as it was finally passed and approved by the President cut out those positions which had been statutory positions theretofore?

Mr. GILBERT. They were lump-sum positions.

Mr. BUCHANAN. We put some restrictions on the legislative bill, or put some limitations upon it, that served to eliminate these employees?

Mr. GILBERT. Yes, sir.

#### OFFICE OF COMMISSIONER OF ACCOUNTS AND DEPOSITS.

The CHAIRMAN. For the office of Commissioner of Accounts and Deposits, you are asking for a commissioner at \$6,000, an accountant at \$4,000, a principal clerk, at \$2,500, a clerk at \$2,000, a stenographer at \$1,800, one messenger at \$900, and one at \$840, making in all, \$18,040 for those positions. This position of Commissioner of Accounts and Deposits is not a statutory position?

Mr. GILBERT. No, sir; but it does exist now like the others. It is in the same category with the other positions we have been discussing.

The CHAIRMAN. You have this entire force now employed?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. How long have they been employed?

Mr. GILBERT. Most of them are employees of long standing. They have been employed in that organization for about a year and a half.

Mr. BYRNS. Are all of them employed at the same salary that is set down here in the estimate?

Mr. GILBERT. At the same salaries as set out in the estimate, except that the two messengers are now at slightly lower salaries.

The CHAIRMAN. You think it is important to have this office created as a statutory office?

Mr. GILBERT. I think it is; yes, sir. That office corresponds, in a way, to the commissioner of the public debt. He does for the accounting and banking end of the Treasury, so to speak, namely the treasurer, the division of deposits, and the division of bookkeeping and warrants, what the commissioner of the public debt does for the public debt service; he coordinates the work of those offices. The commissioner is primarily charged also with the supervision of our Government balances, which he has to follow and watch like a hawk.

The CHAIRMAN. You have had practical experience there. What would happen if this office is abolished and no money is available to pay the persons who are performing this service?

Mr. GILBERT. I think the organization will dissolve.

The CHAIRMAN. But I mean what would happen so far as the service is concerned.

Mr. GILBERT. I think it would be a calamity to the service, and I believe you would begin to hear the machinery creak within a few weeks. These operations are exceedingly delicate; they involve payments of \$300,000,000 or \$400,000,000, or, perhaps, a billion dollars, in one day, payments which, in the old days, would have been unbelievable, but for which the machinery is now very finely adjusted, and the transactions are now carried out through the Treasury and reserve banks without strain.

The CHAIRMAN. Do all of the items go through the Commissioner of Accounts?

Mr. GILBERT. He supervises all the current balances. He does not keep the accounts of the disbursing officers themselves—they are handled through the Treasurer and the Division of Bookkeeping and Warrants—but he does have immediate supervision over the Treasury balances in twelve Federal reserve banks, 24 branches, and 400 or 500 national banks, as well as the thousands of special depositories. It is his business also to give the Secretary the best estimates by way of forecasting the position of the Treasury, and he has to be most expert.

Mr. BUCHANAN. You said he had supervision over 400 or 500 national banks. Who has supervision over the balance of them?

Mr. GILBERT. I do not understand.

Mr. BUCHANAN. You said he had supervision over 400 or 500 national banks.

Mr. GILBERT. He has supervision of the Treasurer's accounts with 400 or 500 national banks, but we do not keep balances in all the national banks. There are only 400 or 500.

The CHAIRMAN. These salaries are paid out of the appropriation "Expenses of loans."

Mr. GILBERT. Yes.

The CHAIRMAN. And that is not available.

Mr. GILBERT. No, sir; that is not available to them in 1922, on account of the restrictions. I think it is desirable to have an appropriation for this organization which will go on in the future.

Mr. BYRNS. I do not suppose these positions are under the civil service.

Mr. GILBERT. Yes; the commissioner is under the civil service; they are all under civil service.

Mr. BUCHANAN. The necessity for these positions arose during the war or during the floating of the loans, or something like that.

Mr. GILBERT. During the war and in connection with fiscal operations since the war.

Mr. BUCHANAN. But they all sprang out of the war.

Mr. GILBERT. Yes, sir; and the war debt, which we still have with us.

The CHAIRMAN. Mr. Gilbert, what officer had charge of these accounts with the national banks and the Federal reserve banks? Who formerly did the work that the Commissioner of Accounts now does with regard to those institutions?

Mr. GILBERT. He does not have the office which keeps the immediate accounts.

The CHAIRMAN. I understand that, but he has the balances.

Mr. GILBERT. Yes.



The CHAIRMAN. Who had the custody of the balances before?

Mr. GILBERT. He did himself, but without that title. A good deal of the burden also fell on the Assistant Secretary directly, and a good deal still does.

The CHAIRMAN. Where did the money come from before you had this account of expenses of loans.

Mr. GILBERT. Before that time the work really had not reached such a magnitude that it was necessary to have quite the same organization.

Mr. BYRNS. You had a Division of Public Moneys in the Treasury then?

Mr. GILBERT. Yes; and they ran along in more or less coordination with the Treasurer. Then the total business of the Government in a year was not much over a billion dollars, and it was, of course, of negligible magnitude as compared with present day operations.

Mr. BYRNS. Does this take the place of the Division of Public Moneys?

Mr. GILBERT. No; the Division of Public Moneys is abolished, at least, there is no appropriation for it after June 30. You will find following an estimate for a Division of Deposits, which is designed to take its place.

The CHAIRMAN. But the present act carries no appropriation for that division.

Mr. GILBERT. No, sir.

The CHAIRMAN. So that the division is abolished.

Mr. GILBERT. Yes, sir.

The CHAIRMAN. And the force split up.

Mr. GILBERT. Yes, sir.

The CHAIRMAN. A part of it would go to the Office of the Commissioner of Accounts and the rest to the Division of Deposits; is that correct?

Mr. GILBERT. And part to the Division of Bookkeeping and Warrants.

The CHAIRMAN. There has been quite an increase in the salary of the chief of that division. My recollection is that the salary of the chief of the other division was \$2,400.

Mr. GILBERT. No; he received \$3,000.

The CHAIRMAN. When was this Office of Commissioner of Accounts and Deposits first created?

Mr. GILBERT. I think at the same time the Commissioner of the Public Debt was created, about December, 1919. It was established by formal order at about that time.

The CHAIRMAN. At this same salary?

Mr. GILBERT. At that salary; yes.

#### DIVISION OF DEPOSITS.

The CHAIRMAN. You propose to create a division of deposits, with a chief of division at \$4,500; an assistant chief of division at \$3,000; clerks, one at \$2,250, one at \$2,000, one at \$1,800, two at \$1,600 each, and one at \$1,400, transferred from the Division of Public Moneys; a messenger at \$840, and an assistant messenger at \$720; a total of \$19,710 for that division.

Mr. GILBERT. We have that division in existence now.

The CHAIRMAN. How long have you had that division?

Mr. GILBERT. All of this organization dates from about the same period.

The CHAIRMAN. At these same rates of pay?

Mr. GILBERT. Yes, sir; at about those same rates, and they are now all employed. That division has immediate supervision over all of the accounts of the depositories, chiefly the national banks and special depositories. For instance, it has to follow up to see that they do not exceed the balances which they are authorized to keep, and that requires an examination of the daily reports. Then they have to see that interest is collected and paid when due.

The CHAIRMAN. That work was formerly performed by—

Mr. GILBERT (interposing). By the Division of Public Moneys, and it really amounts to the transfer of a part of the work of the Division of Public Moneys, this part to the Division of Deposits, and the other part to the Division of Bookkeeping and Warrants.

Mr. BUCHANAN. What was the salary of the Chief of the Division of Public Moneys?

Mr. GILBERT. \$3,000. This is an increase in salary, in a way, but the Division of Public Moneys will now cease to exist.

Mr. BUCHANAN. This is an increase from \$3,000 to \$4,500?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. Does the person who was formerly Chief of the Division of Public Moneys occupy the position of Chief of the Division of Deposits?

Mr. GILBERT. No, sir; at the moment there is no chief of the Division of Public Moneys, but an acting chief. The person who was formerly chief for many years, Mr. Huddleson, is now in the Public Health Service, and is permanently employed there.

Mr. BUCHANAN. Then the assistant chief of this division is to get \$3,000. Did he get that salary under the Division of Public Moneys, if you had such a position?

Mr. GILBERT. Under the Division of Public Moneys he would get \$2,500.

Mr. BYRNS. You did not have an assistant then, did you?

Mr. GILBERT. Yes; there was an assistant chief of the Division of Public Moneys.

Mr. BYRNS. It has been some time since I was a member of the subcommittee on the legislative, executive, and judicial bill, but my recollection is that Mr. Huddleson had a very small force and that the Division of Public Moneys did not have an assistant chief and that it only had some six or seven clerks.

Mr. GILBERT. I think you will find there was an assistant chief; in fact, we are running with an assistant chief and without a chief.

The CHAIRMAN. How important is this division?

Mr. GILBERT. It is of great importance to see that the Government's interests are protected both as to collateral and as to interest on deposits, and as well as to the balances kept by the depositories. It is a routine division; it is not a division of the first importance, but it is an important, routine division, and a division which can save or lose the Government \$1,000,000 a year according as it is careless or efficient.

Mr. BUCHANAN. Do not these two divisions run together? First is the Office of Commissioner of Accounts and Deposits and then here you have a Division of Deposits. It looks as though the first division includes deposits, and then you have a separate division of deposits.

Mr. GILBERT. That is accounted for by the fact that the Commissioner of Accounts and Deposits has supervision over and coordinates the work of the Division of Deposits, the Treasurer of the United States, and the Division of Bookkeeping and Warrants. The words "and deposits" are in the title because he has intermediate supervision over those other divisions.

Mr. BUCHANAN. Over the Division of Deposits?

Mr. GILBERT. Yes. He corresponds to the head of a bureau, and as the Commissioner of Internal Revenue.

The CHAIRMAN. Do I understand you to say that the appropriation authorized for next year carries nothing for the Division of Public Moneys?

Mr. GILBERT. That is right; there is no appropriation whatever. It was stricken out on a point of order in the House.

Mr. BYRNS. Then there is no appropriation for the Division of Public Moneys.

Mr. GILBERT. No, sir.

Mr. BYRNS. And you are not asking for that division.

Mr. GILBERT. No.

Mr. BYRNS. I understand you to say that some of the positions in the legislative bill for 1922, as reported from this committee to the House, went out on points of order; were they afterwards presented to the Senate committee?

Mr. GILBERT. Yes, sir; they were, but it was toward the end of the session and the Senate committee, I think, gave no consideration to it.

Mr. BYRNS. They were not included?

Mr. GILBERT. No; and we were told informally that there was not time enough to do it, and that is the real reason why it has been necessary to bring them up again.

The CHAIRMAN. I understood you to say that you had all of these positions and have had them since December, 1919, and at these same rates of pay.

Mr. GILBERT. Yes; subject, however, to minor variations in salaries and dates.

#### DIVISION OF APPOINTMENTS.

The CHAIRMAN. The next is the Division of Appointments, for which you are asking an assistant to chief of division, at \$2,200, and a clerk at \$2,000. At the present time, have you an assistant in the Division of Appointments?

Mr. GILBERT. I think so, but I am not definitely informed as to that division. My understanding is that those people are all now employed and paid out of expenses of loans.

#### SALARIES AND EXPENSES, FOREIGN LOANS.

Mr. WADSWORTH. There are two lump-sum appropriations in connection with railroad loans and foreign loans, and it may be that you would like to ask the Secretary about them.

The CHAIRMAN. You are asking the following:

For salaries and expenses, including salaries and expenses in the District of Columbia, as may be authorized by the Secretary of the Treasury, arising in connection with credits established in favor of foreign Governments, obligations of foreign Governments purchased by the United States, and foreign currencies and credits obtained by the United States, under the provisions of the Liberty bond acts as amended and supplemented and the Victory Liberty loan act, and heretofore provided for by the appropriations contained in said acts, and in carrying out the duties of the Secretary of the Treasury in connection with credits granted or conditions entered into in carrying out the purposes of the act of March 30, 1920, providing for relief of populations in Europe and countries contiguous thereto, fiscal year 1922, \$50,000.

Have you an appropriation for that purpose for next year?

Mr. WADSWORTH. That is work that comes under my jurisdiction, as one of the assistant secretaries, and in that office we have charge of all the questions relating to public debts which were incurred under the war and those relief acts that were passed, and which amount to something over \$10,000,000,000. We have a staff of nine people at the present time, with a total pay roll of \$23,480. Would you like the details as to that staff?

The CHAIRMAN. What are the larger salaries paid?

Mr. WADSWORTH. We have one lawyer at \$6,000, Mr. Philbin, and two assistants, at \$3,500. One of those men, Mr. Latting, handles a great deal of routine correspondence that comes in from all over the country, inquiries as to loans, how much each loan was, when it was made, and there is very considerable correspondence. The other assistant, Mr. Bell, is my direct assistant, and is the accountant who checks all figures and handles a good deal of my mail. Then there are two stenographers, at \$2,200 each, in my immediate office; Mr. Philbin has a stenographer, at \$1,800; Mr. Latting has a stenographer, at \$1,600; we have a file clerk, at \$1,000, and two messengers, at \$1,680, together. That is the staff as it exists to-day, and it looks as though we would have to keep that much of a staff and probably will have to add considerably to it if we take up active negotiations with all these different nations in connection with the funding of the loans; in that event, we will certainly need another lawyer to draw our trust deeds and pass on all legal steps.

The CHAIRMAN. What is the nature of the evidences of that debt—are they demand obligations?

Mr. WADSWORTH. Yes.

The CHAIRMAN. They have never given their bonds?

Mr. WADSWORTH. No. We are working on that now; that is, to put them in a permanent form.

Mr. BUCHANAN. These demand obligations are in the nature of signed instruments?

Mr. WADSWORTH. Yes; signed instruments by each Government.

Mr. BUCHANAN. I suppose that if each obligation is legally signed by the officer authorized to sign it, it would practically be a bond, would it not?

Mr. WADSWORTH. Yes; it is really a note, but it should be a bond with coupons and the whole matter arranged for payment at definite dates, but that has not yet been arranged with these foreign Governments.

Secretary MELON. They are simply valid obligations.

Mr. BUCHANAN. As so few Governments owe us, and as the amounts are so large, it will not take very much clerical work, will it?

Mr. WADSWORTH. Not very much, no.

The CHAIRMAN. How long have you had this force?

Mr. WADSWORTH. That force has been there, I suppose, ever since we began to loan money to foreign Governments.

Mr. GILBERT. That force has been at about that size, and perhaps a little larger, for about three years.

The CHAIRMAN. Have you increased any of the pay?

Mr. WADSWORTH. None that I know of. I only came in after the 4th of March.

The CHAIRMAN. Have you had the \$6,000 position right along?

Mr. WADSWORTH. I think there was an increase from \$5,000 to \$6,000, and as far as the present incumbent goes there was an increase for him, but it was a \$6,000 position.

The CHAIRMAN. He took some one's place, that is, you simply promoted the man.

Mr. WADSWORTH. Yes.

The CHAIRMAN. But you have had a \$6,000 man there all along since you have been making these loans.

Mr. WADSWORTH. Yes, sir.

The CHAIRMAN. Is there an appropriation for next year to cover the present force or for any force?

Mr. WADSWORTH. No.

The CHAIRMAN. Did that go out on a point of order?

Mr. GILBERT. That was not reported by the committee.

Secretary MELLON. That work is likely to become active and there will be a very considerable amount of it.

The CHAIRMAN. Especially if interest is paid and if these I.O.U.'s are exchanged for permanent bonds.

Secretary MELLON. It seems that in Great Britain they have appropriated for the interest.

Mr. GILBERT. Yes; the British budget apparently includes the item of interest.

Secretary MELLON. And then there will have to be a funding of those obligations; new evidences of indebtedness will have to be prepared, and all of that work will have to be done in the near future.

Mr. BYRNS. I understood you to say that this force was now engaged in making investigations and examinations with a view to funding these debts.

Mr. WADSWORTH. Well, partly that, but up to date, at least since I took office, we have had a great many dealings with these foreign Governments in connection with cleaning up the old accounts, and the final settlement of just what they owe us. For example, the other day we got back, after considerable negotiation, some \$48,000 which was left over from an appropriation for freights from Jugoslavia, and we got in \$375,000 of interest from Greece two or three days ago; that had to be arranged and entered, and we have had a good many cleaning-up operations growing out of the war. There is to-day a clean up going on between the War Department and other departments as to certain settlements with the French, which will involve a good deal of money.

The CHAIRMAN. Does that have anything to do with the foreign debt?

Mr. WADSWORTH. That particular thing does not, but it seems to have gravitated to that desk.

Mr. BYRNS. I do not understand that any active steps have been taken up to this time toward getting in touch with foreign Governments with a view of funding these debts.

Mr. WADSWORTH. With England, yes. We have carried on considerable negotiations with England in the past, which ended just before the old administration went out and will now be taken up again at once.

Secretary MELLON. That is expected to come on in a very short time.

Mr. BYRNS. Nothing has been done with reference to the debts owed by other foreign Governments?

Mr. WADSWORTH. No.

The CHAIRMAN. Do you think you will need a larger force than you have had in the past to carry on this work?

Mr. WADSWORTH. It is hard to say. I should suppose that if we become very active we will need a lawyer of even greater experience than the man we have now. Then, at the present time Mr. Boyden is in Paris as a sort of unofficial representative of the United States Government. He originally sat with the Reparations Commission, you may remember, but he does not sit with the Reparations Commission any more. He also informally represents the Treasury Department in any dealings we have abroad, and if he comes home I should think—although I do not know—that the Treasury Department would need a man over there in connection with this whole matter. But, as I say, we are already spending \$23,480, and the balance will only be spent if we actually need more personnel and additional legal advice.

The CHAIRMAN. And you have no appropriation available for this force for next year?

Mr. WADSWORTH. No.

#### SALARIES AND EXPENSES—PAYMENTS UNDER RAILROAD ACTS.

The CHAIRMAN. Then you are asking \$25,000 for salaries and expenses incident to payments under railroad acts. Have you any force of that kind now?

Mr. WADSWORTH. No; that is being handled by these same people and by some work that we have gotten the Federal Reserve Board to do for us, and we also got Mr. McLean, who used to act in that connection.

Mr. GILBERT. There is also a small force in one of my divisions which handles railroad work.

The CHAIRMAN. Just what obligations with regard to making loans were thrown on the Secretary of the Treasury by the transportation act of 1920?

Mr. WADSWORTH. The Treasury, of course, disburses all of this money on certificates from the Interstate Commerce Commission.

The CHAIRMAN. As I recall, the Secretary of the Treasury was not called upon to pass upon the loans, but simply was to disburse the money when the Interstate Commerce Commission authorized the loans.

Mr. WADSWORTH. Yes; and take charge of the securities.

Mr. GILBERT. The Secretary has to prescribe the form of the obligation, however.

Mr. WADSWORTH. That is a legal matter which is now under Mr. Philbin, but if he becomes very active in this other matter, we will have to get some one else. Under the act authorizing loans out of the revolving fund of \$300,000,000—

The CHAIRMAN. Was that under the transportation act?

Mr. WADSWORTH. That was section 210 providing for loans from a revolving fund of \$300,000,000, and under that we have loaned \$194,000,000.

The CHAIRMAN. What organization of the Treasury Department is taking charge of those loans?

Mr. WADSWORTH. We are doing that in this same organization.

The CHAIRMAN. And do you propose to keep that organization together or separate it.

Mr. WADSWORTH. If the foreign-loan work becomes very active it may be necessary to get another lawyer and one or two clerks for him, to take charge of those loans, and there is a development in connection with that which we can not estimate, and that is the question of receiverships of these railroads, and what the Treasury Department will have to do in the way of legal steps to protect its interests. We have one receivership on our hands now—the Atlanta, Birmingham & Atlantic—where we have loaned them \$200,000.

The CHAIRMAN. Loaned the receiver?

Mr. WADSWORTH. No; that was one of the original loans made, and since then the road has gone into the hands of a receiver, and we will have to take whatever legal steps seem necessary to protect the interests of the Government.

The CHAIRMAN. When was that loan made?

Mr. WADSWORTH. I think that was one of the early loans, made before my time.

Mr. GILBERT. I think it was made about July or August, 1920.

The CHAIRMAN. What security has the Government?

Mr. WADSWORTH. Bonds of the road.

The CHAIRMAN. Second bonds?

Mr. WADSWORTH. I really could not say. The loans, the amount and collateral we are to take, are certified to us by the Interstate Commerce Commission's financial department. They hold hearings, and the railroad proves that they need the money and what they need it for and what they can give in the way of security.

The CHAIRMAN. Inasmuch as the work that will be thrown upon you to perform regarding the foreign loans, and also with regard to loans made to railroad companies, is somewhat problematical what would you say if we gave you the same force for next year that you have for this year, and then if you found there was additional work thrown upon you, you could present the matter to Congress, rather than to give you a combined force here of \$75,000 for a service that was only costing last year less than \$23,000?

Mr. WADSWORTH. We could do that but I have the feeling that we are almost sure to need an increased force in connection with both the foreign loans and the railroad loans; in fact, to-day the railroad matter is being handled partly by the Federal Reserve force and partly by Mr. McLean who sits on the committee, and partly by this lawyer and his staff who are supposed to be giving all their time to foreign loans. It is not a very orderly way to deal with such a very large sum of money.

Mr. BUCHANAN. Who passes on the value of the securities, the Interstate Commerce Commission or the Treasury Department?

Mr. WADSWORTH. The Interstate Commerce Commission.

Mr. BUCHANAN. Then when they present the matter to you and certify that they are entitled to borrow so much money and that the security is good, all you have to do is to take the security and give them the money.

Mr. WADSWORTH. We pass on the form of the security and all the papers, such as the stockholders' votes, and the directors' votes, and the certifications.

Mr. BUCHANAN. Just like a bank passes on a mortgage or note.

Mr. WADSWORTH. It is just that same sort of work, and of course, there is a good deal of it. It is pretty heavy routine work for this one lawyer to have pass through his hands.

The CHAIRMAN. Of course, there is approximately \$10,000,000,000 of loans abroad and I suppose you will have about \$300,000,000 of loans to the railroads.

Mr. GILBERT. More than that, Mr. Chairman, because of other investments in the railroads. There are about \$300,000,000 in equipment obligations.

The CHAIRMAN. That is handled by the Director of Railroads.

Mr. GILBERT. But we hold the securities and there are constantly questions arising about them.

The CHAIRMAN. Do you collect the interest on those obligations?

Mr. GILBERT. Yes, sir.

The CHAIRMAN. The director general has about \$465,000,000 all told, loaned to railroads.

Mr. GILBERT. We have the custody of the obligations and as far as possible under his direction collect the interest.

Mr. WADSWORTH. It is always hard to say just how much expert service you can use on a thing like that, but it is a very large sum of money and much is involved in the proper handling of it, making the proper legal move at the right time to secure our interest. If we had a number of these roads that we had to deal with that were in trouble it would mean a pretty substantial law office in itself.

The CHAIRMAN. When you go to look over your statement, I wish you would add a note as to whether or not from the viewpoint as you now see it, without any additional work, how much if any additional force, in your opinion, you will need over and above your present force. I suppose you had not arranged, even in your own mind, when you prepared this estimate of \$25,000, just what force would be necessary to take care of these loans to the railroads.

Mr. WADSWORTH. No; and it is not possible really to estimate because we do not know how far the railroads are going to get themselves complicated in this present financial difficulty that they are in.



MONDAY, MAY 2, 1921.

## OFFICE OF COMMISSIONER OF ACCOUNTS AND DEPOSITS.

STATEMENT OF MR. R. G. HAND, COMMISSIONER OF ACCOUNTS  
AND DEPOSITS, TREASURY DEPARTMENT.

## EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. As I understand it, you have this same force at the present time?

Mr. HAND. Yes, sir.

The CHAIRMAN. You have a commissioner to whom you are paying \$6,000, but there is no authority of law for creating that position?

Mr. HAND. Yes, sir. It is not a statutory position.

The CHAIRMAN. And you are paying it out of a lump sum?

Mr. HAND. Yes, sir; out of the appropriation "Expenses of loans."

The CHAIRMAN. You have an accountant at \$4,000?

Mr. HAND. Yes, sir.

The CHAIRMAN. A principal clerk at \$2,500?

Mr. HAND. Yes, sir.

The CHAIRMAN. A clerk at \$2,000?

Mr. HAND. Yes, sir.

The CHAIRMAN. A stenographer at \$1,800?

Mr. HAND. Yes, sir.

The CHAIRMAN. And one messenger at \$900 and one at \$840?

Mr. HAND. The two messengers are at present time receiving \$840 and \$720.

## DUTIES.

The CHAIRMAN. What is this force doing?

Mr. HAND. A part of it is engaged in keeping the detailed railroad accounts in connection with the transportation act, as well as under the Federal control act; in keeping individual accounts for every railroad to which loans have been made from the \$300,000,000 revolving fund on work in connection with the collection of interest when due, and the principal at the maturity of such loans, and in getting the accounts settled through the auditing office. This force sends out notices in advance of interest due dates, and keep the records separate under the different sections of the transportation act, and help in other miscellaneous work in connection with the investments with which of the Secretary of the Treasury is charged in connection with certain trust funds.

The CHAIRMAN. What trust funds?

Mr. HAND. There is the civil service retirement and disability fund.

The CHAIRMAN. How large are those funds?

Mr. HAND. The investments at the present time amount to practically \$8,000,000.

The CHAIRMAN. What are the investments in?

Mr. HAND. In Treasury certificates. Then, there are certain other trust funds, such as the Government life insurance fund, in connection with the War Risk Insurance Bureau. This fund represents the premiums on the converted insurance, and the Secretary is required

to make the investments. They have been running at an average of about \$2,000,000 per month.

The CHAIRMAN. Are these investments made in Government securities?

Mr. HAND. Yes, sir.

The CHAIRMAN. What is the total of the investments?

Mr. HAND. About \$31,000,000, par amount.

The CHAIRMAN. How much have you loaned the railroad companies out of this \$300,000,000 fund?

Mr. HAND. A little over \$190,000,000.

The CHAIRMAN. How many railroad companies have participated in those loans?

Mr. HAND. About 50.

The CHAIRMAN. And this force has been doing the work of looking after all of those loans and investments by the Government?

Mr. HAND. Yes, sir.

The CHAIRMAN. Is there any other force in the Treasury Department that has anything to do with this work, or that has been doing anything with regard to these investments and the collection of the interest and principal at maturity?

Mr. HAND. No, sir; there is no duplication there.

The CHAIRMAN. Is there a force that you know of in the Treasury Department to which this work could be assigned and this force released?

Mr. HAND. Of course, it could be put anywhere Congress should see fit, but it is purely administrative work and it does not fit in any other place at the present time.

The CHAIRMAN. I mean is there any force down there that is not busy and that could do this work and that is qualified to do it?

Mr. HAND. No, sir; everybody there is busy.

The CHAIRMAN. How many hours every day does the commissioner put in on this business?

Mr. HAND. About 10 hours a day, or from 9 o'clock in the morning until 7 o'clock at night.

The CHAIRMAN. Are you the commissioner?

Mr. HAND. Yes, sir.

The CHAIRMAN. How long have you occupied that position?

Mr. HAND. Since January 1, 1920.

The CHAIRMAN. What was your position before that?

Mr. HAND. I was on the war loan staff and later Assistant Treasurer.

The CHAIRMAN. How long have you been in the Treasury Department?

Mr. HAND. Twenty years on the 7th of last January.

The CHAIRMAN. You have a civil-service status?

Mr. HAND. Yes, sir.

The CHAIRMAN. Do all of these persons provided for here have a civil-service status?

Mr. HAND. Yes, sir; every one of them. There is other work being done there, if you would like me to go into it.

The CHAIRMAN. What is the other work?

Mr. HAND. The other work is in connection with estimates. We have to make frequent estimates for the fiscal assistant secretary as to the probable future cash position of the Treasury, to give him

information on which to base the amount of certificates to be sold in order to provide funds for the payment of excess of current expenses over income and for maturing obligations. In order to give that, we have to get estimates from the different heavy spending departments of the Government, and from that we make up our estimate of receipts and expenditures for, say, one, two, three, or sometimes four months in advance. We do that to show how much money we will need at certain periodical intervals, and then the Assistant Secretary uses it as a basis for his decisions in connection with issues of certificates of indebtedness.

The CHAIRMAN. Are you able with this force to forecast with considerable accuracy just what the expenditures and receipts will be as much as four months in advance?

Mr. HAND. In the absence of any unusual circumstances we can, though it is usually not necessary to forecast over two or three months in advance in connection with any given certificate issue.

The CHAIRMAN. That is, such as a deficiency appropriation bill, or something of that kind?

Mr. HAND. Yes, sir. We can do it very well, because if we know what the unusual expenditures are going to be, such as on account of railroads, ships, and things like that, we can generally average the ordinary expenditures of the Government very well. Then, there are additional things to be taken into consideration, such as the investment of trust funds, the cumulative sinking fund, and the two classes of railroad payments, one of which is under the supervision of the Director General of Railroads and the other under the supervision of the Interstate Commerce Commission. At present these large payments are the partial payments of the guaranty and the loans from the \$300,000,000 revolving fund. In that way we make up these estimates. There are still other duties, because we are charged with the responsibility of looking out for the Treasurer's account with Federal reserve banks. When certificates of indebtedness are sold the payments are made in two different ways, a part in cash and a part by credit.

The CHAIRMAN. You do not have anything to do with the sale of those certificates?

Mr. HAND. We have to assist in that work at times.

The CHAIRMAN. Who has charge of that?

Mr. HAND. Mr. Croxton handles some of that work.

The CHAIRMAN. He is not in this division?

Mr. HAND. He is in the Division of Deposits. He and I have helped with the certificate work, but it is now handled chiefly by him. We have to prepare calls twice each week for the Assistant Secretary for the withdrawal of deposits from the war loan depositories, to keep the Federal reserve banks in sufficient funds to match the outgo. The calls are issued from five to seven days in advance of the payment date, and must provide sufficient funds to last until the time of the next call. Then, as the moneys come in from those calls, they must be distributed or shifted from the banks where the funds are not needed to meet the current expenses of the Government to the banks where the expenses are heavy. We obtain advance reports from some of the heavy-spending agencies, like the Railroad Administration and Interstate Commerce Commission, as to what they will spend or

certify for payment in this period. Then we get reports of these payments by checks and warrants as they are mailed out each day, to give us information as to what particular Federal reserve banks will make the payments, and then we have to get the funds to those banks to meet them.

In the case of the Railroad Administration, or Interstate Commerce Commission, those payments may range all the way from \$20,000,000 down to \$100,000 each. We have to shift those funds very quickly so as to have them on hand at the right place in order that the Government's warrants and checks will be honored when presented. We have maturing Treasury certificates about once each month, and we must know how much of these are outstanding in each Federal reserve district, and make up our calls for the withdrawal of deposits in sufficient amounts to supply the cash to pay them at maturity and to have enough on hand also for the current expenses. We have the heavy tax payments four times each year, in the months of March, June, September, and December, and we must estimate as far in advance as possible how much in the way of taxes will come in. After we get the March payment, then, by reason of the previous figures and our previous experience, we can calculate very closely what is going to come in in the months of June, September, and December. Further, we have to estimate the amount that will come in at each of the Federal reserve banks, because the Federal reserve banks do not sell Treasury certificates in proportion to the amount of tax payments received by them, but sell them in accordance with the demand for the certificates in each district. We must know how much surplus of tax receipts over maturing tax certificates each bank will have, or how much in the way of deficiency it will have, and then make transfers of funds between Federal reserve banks in order to equalize them. Sometimes forty or fifty million dollars or even larger amounts, are shifted in a day between banks on these accounts.

The CHAIRMAN. Do you use now only Federal reserve banks as Government depositories?

Mr. HAND. No, sir; we still have national-bank depositories.

The CHAIRMAN. In cities where you have Federal reserve banks?

Mr. HAND. No, sir; not in cities where there are Federal reserve banks or branches of Federal reserve banks.

The CHAIRMAN. Where you have Federal reserve banks you do not use national banks at all as depositories?

Mr. HAND. No, sir; not in those cities, except in some cases for court and post-office funds. Outside of those places we have to use them, because the Government has payments to make at certain places on account of various activities.

The CHAIRMAN. What does this force do with respect to foreign loans?

Mr. HAND. The foreign-loan records were put under my supervision in February, but I have not had any active work to do in connection with them, except to arrange for payments that have been made on account of foreign loans.

The CHAIRMAN. But you will have charge of that in the future?

Mr. HAND. Yes; as to the records and investments, unless the Assistant Secretary of the Treasury, in charge of foreign loans, should take it under his supervision in the same manner in which it was

handled under the prior Assistant Secretary. Whether that will be done or not I do not know, but at the the present time I am responsible for the files and records. Then we get this securities statement out every month in connection with the monthly public-debt statement.

The CHAIRMAN. Have you a copy of that with you?

Mr. HAND. Yes, sir; I brought one along. On one side is the public-debt statement and on the other side is the securities statement.

The CHAIRMAN. You prepare one of these every month?

Mr. HAND. Yes, sir; and we are responsible for all the securities on that statement. We have to keep up with them. That applies not only to the securities shown there, but in the case of railroad loans they are supported by collateral deposited with the different Federal reserve banks and the Treasurer of the United States.

Mr. BYRNS. Did I understand you to say that you are asking here for the identical force at the same salaries that you have now?

Mr. HAND. The only exception is in case of the two messengers. With that exception, each person provided for here is receiving the identical amount that is set down here.

Mr. BYRNS. Are you asking for two additional messengers?

Mr. HAND. No; they are employed at the present time, one at \$840 and one at \$720, instead of at \$900 and \$840.

Mr. BYRNS. With that exception, the other positions asked for here are drawing the same salaries that you are asking for now?

Mr. HAND. Yes, sir. These positions are all filled, and they are drawing the same salaries now. All of them are civil-service employees.

Mr. BUCHANAN. Are they drawing the same salaries that they were drawing on January 1, 1920? In other words, are you drawing the same salary you were receiving then?

Mr. HAND. I was assistant Treasurer of the United States prior to that time at a salary of \$3,600.

Mr. BUCHANAN. What was the accountant drawing if he was in the service?

Mr. HAND. He was working for the War Finance Corporation at the same salary.

Mr. BUCHANAN. How much?

Mr. HAND. \$4,000.

Mr. BUCHANAN. Was the principal clerk drawing \$2,500?

Mr. HAND. He was drawing \$2,250, I think, before the 1st of January, 1920.

Mr. BUCHANAN. What was the clerk drawing?

Mr. HAND. \$1,800.

Mr. BUCHANAN. These salaries, as contained in this bill, were fixed by whom—the Secretary of the Treasury?

Mr. HAND. The Secretary of the Treasury fixed the salary of the commissioner of accounts and deposits, and each of the other positions was added as the needs of the service developed; one at the time. It was not all put in at once.

Mr. BUCHANAN. This division was created at one time?

Mr. HAND. Only the first position, or the position of commissioner. He had at first a supervisory place with special duties. He had supervision over three divisions—Public Moneys, Bookkeeping and

Warrants, and the Office of Treasurer of the United States so far as the interrelated work of the Treasurer's Office was connected with these other two divisions.

Mr. BUCHANAN. Now he has supervision over how many?

Mr. HAND. Those three and an additional division—the Division of Deposits. That was created along, I think, in May, 1920. One of the purposes of the creation of the office of commissioner of accounts and deposits was to get work of a similar character under one supervisory head, so as to relieve the fiscal Assistant Secretary of a great deal of detail work and to eliminate duplication of work as well as to obtain greater efficiency.

Mr. BUCHANAN. What was the chief of the Division of Deposits getting prior to January 1, 1920?

Mr. HAND. He was not under my supervision then.

Mr. BUCHANAN. Is he under your supervision now?

Mr. HAND. Yes, sir.

Mr. BUCHANAN. Do you know what he was getting prior to January 1, 1920?

Mr. HAND. I can not recall. He was one of the assistants to the fiscal Assistant Secretary, and he will appear next.

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MONDAY, MAY 2, 1921.

DIVISION OF DEPOSITS.

STATEMENT OF MR. R. A. CROXTON, CHIEF, DIVISION OF DEPOSITS, TREASURY DEPARTMENT.

EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. You are the Chief of the Division of Deposits?

Mr. CROXTON. Yes, sir.

The CHAIRMAN. How long have you occupied that position?

Mr. CROXTON. Since the division was established.

The CHAIRMAN. When was it established?

Mr. CROXTON. In May, 1920.

The CHAIRMAN. What was your position before that?

Mr. CROXTON. I was assistant to Assistant Secretary Leffingwell.

The CHAIRMAN. You are asking now for an appropriation for the following positions: Chief of division, at \$4,500; assistant chief of division, at \$3,000; one clerk at \$2,250; one clerk at \$2,000; one clerk at \$1,800; two clerks, at \$1,600 each; one clerk at \$1,400, transferred from the Division of Public Moneys; one messenger at \$840; and an assistant messenger at \$720. Were all of those positions created at or before May, 1920, at those salaries?

Mr. CROXTON. No, sir; they were not. They were added from time to time, as the work got organized. When the work absolutely demanded it.

The CHAIRMAN. Were all of these positions at these rates of salary created before March 4?

Mr. CROXTON. Yes, sir.

The CHAIRMAN. Very long before that time?

Mr. CROXTON. I should say six or nine months before.

The CHAIRMAN. At the same rates of pay?

Mr. CROXTON. Yes, sir; at the same rates of pay.

#### DUTIES.

The CHAIRMAN. What are the duties of the Division of Deposits?

Mr. CROXTON. The Division of Deposits has charge and supervision of all of the depositories of public moneys, whether in this country or abroad or in the Territories or insular possessions. Wherever there is any Government money on deposit, this division has supervision of it. It also gives instructions to public officers as to the deposit of public money as collected, and it attends to securing collateral security against Government deposits.

The CHAIRMAN. Do you require collateral from the national banks and Federal reserve banks for Government deposits?

Mr. CROXTON. Absolutely, dollar for dollar for every dollar of Government money on deposit with national banks. The Secretary is required to take collateral, and it is deposited with the Treasurer.

The CHAIRMAN. Does your division pass upon the adequacy of the collateral?

Mr. CROXTON. Yes, sir. The Treasurer is only the custodian of the collateral as security, because he has vaults where it is locked up.

The CHAIRMAN. Suppose a national bank has a Government deposit of \$50,000, and then, for some reason, the deposit is increased to \$100,000. Who gives notification to the bank in that case?

Mr. CROXTON. This division of deposits. We pass upon the necessity for an increase or for a decrease in the deposit, and then we attend to the getting of the security. Banks prepare and render daily reports covering the Government business transacted by them.

#### AMOUNTS DEPOSITED IN NATIONAL BANK DEPOSITARIES.

The CHAIRMAN. Approximately, how much do these deposits aggregate?

Mr. CROXTON. They aggregate at the present time, in the National bank depositaries throughout the country, about \$25,000,000, in the special depositories about \$270,000,000, and in foreign depositories about \$47,000,000.

The CHAIRMAN. Does the supervision of these deposits require all the time of the force you have?

Mr. CROXTON. It requires all their time and a good bit of overtime. These banks render daily reports of the Government business that they transact. The aim of this division is to get the maximum amount of Government business transacted on the minimum deposits; our job is to watch what they do and every three months, or oftener, reduce balances or increase them, as the Government business transacted may warrant. Since this division was established we have reduced the balances with the national banks of the country about \$40,000,000, just by watching them and reducing their balances as we could; in other words, we get the same amount of Government business transacted on \$40,000,000 less, and at a time, too, when the Treasury, as you know, is borrowing money.

The CHAIRMAN. What is the policy of the Government with regard to the deposits in national banks and special depositories—just to deposit enough to permit the Government to function in those respective localities?

Mr. CROXTON. Yes; the minimum balance is kept with the national bank depositories, which will warrant their transacting the Government business which comes to them. Before this division was established those balances became more or less stationary; if we gave them \$100,000 to-day, it stayed for one year or five years; but now we adjust the balances every three months.

The CHAIRMAN. As I understand, you do not designate a national bank as a depository in a city where you have a Federal reserve bank or a branch?

Mr. CROXTON. No.

The CHAIRMAN. How about the special depositories?

Mr. CROXTON. They were created under the Liberty loan acts. When a bank wants to buy certificates of indebtedness or pay for bonds or notes, we do not want the cash paid in on any one day, so that a bank when designated as a special depository, if it purchases certificates, may make payment therefor by credit on its books rather than in cash.

The CHAIRMAN. Do you create those special depositories in any reserve bank city?

Mr. CROXTON. Yes; any national bank and any incorporated State bank or trust company is permitted to be designated under the Liberty loan acts.

The CHAIRMAN. I suppose that is used as an inducement to secure purchases?

Mr. CROXTON. Yes. The deposit remains there for two, three, or four weeks, upon which they only pay us 2 per cent. It is not only a convenient method of handling the business but there is something in it for the banks.

The CHAIRMAN. How long do you leave these balances with a special depository when it purchases certificates?

Mr. CROXTON. They average, I should say, about two or three weeks.

The CHAIRMAN. And they pay 2 per cent on the daily balances?

Mr. CROXTON. Yes, sir.

The CHAIRMAN. Who looks after the payment of that account?

Mr. CROXTON. We do; they pay the interest to us.

The CHAIRMAN. And you go over all of those accounts?

Mr. CROXTON. Yes, sir.

The CHAIRMAN. About how many national-bank accounts are there?

Mr. CROXTON. There are about 700.

The CHAIRMAN. And how many special depository accounts?

Mr. CROXTON. There are about 10,000.

#### FOREIGN DEPOSITS.

The CHAIRMAN. Why do you keep foreign deposits?

Mr. CROXTON. Those deposits were needed for the Army and the Navy during war times, and there are still some balances there of



\$47,000,000, of which about \$40,000,000 belongs to the Army and which will eventually be paid to France, I understand, under some kind of a settlement made for war supplies.

The CHAIRMAN. In what countries have you foreign deposits?

Mr. CROXTON. We have them in France, England, Belgium, Italy, and Spain.

The CHAIRMAN. You have none in Russia?

Mr. CROXTON. No, and never had.

The CHAIRMAN. Do the depositaries pay interest on those balances?

Mr. CROXTON. All depositaries pay 2 per cent, without exception.

The CHAIRMAN. You say that of this \$47,000,000 about \$40,000,000 is owing to foreign governments?

Mr. CROXTON. No; \$40,000,000 is on deposit with the Tresor Public; it belongs to the War Department, and, as I understand, is to be paid by them to France under some special adjustment for war supplies.

The CHAIRMAN. Where a deposit is in some foreign country, is that made with the Government?

Mr. CROXTON. No; most of them are made in branches of American banks, such as the Farmers Loan & Trust Co., of New York, and the Equitable Trust Co. American banks which have branches abroad.

The CHAIRMAN. Do you require securities?

Mr. CROXTON. Absolutely.

The CHAIRMAN. In all cases?

Mr. CROXTON. In all cases, for the maximum amount on deposit at any time. From them, instead of getting daily reports, we get weekly reports by cable, as to what they have, and all of that requires constant supervision. You know, the banks will be as lax as the Government will let them be.

The CHAIRMAN. What organization supervised this service before the office of Division of Deposits?

Mr. CROXTON. Well, I might say that there was not the supervision that there should have been before this division was established, although the supervision was supposed to be under the Division of Public Moneys.

The CHAIRMAN. Then this division was created——

Mr. CROXTON (interposing). Because of the necessity of having a closer supervision.

The CHAIRMAN. It was done with regard to the national banks and then there were some special depositaries before the war?

Mr. CROXTON. Yes.

The CHAIRMAN. Where was that work performed?

Mr. CROXTON. It was all done in the Division of Public Moneys. A part of it, though, I will say, was done in the office of the fiscal assistant secretary.

The CHAIRMAN. Was the force in the Division of Public Moneys reduced when those activities were taken from that division?

Mr. CROXTON. Yes; I took over from the Division of Public Moneys the people who were employed on this work.

The CHAIRMAN. You took over those people and did not take on any additional employees?

Mr. CROXTON. I got from that division, I think, only three people, and I have taken on these others as, from time to time, I found I had to have them. We started the division with a chief and, I think,

one other; then I took over three people from the Division of Public Moneys, and I have taken on three since then.

The CHAIRMAN. Has that division more people than it needs to perform this function now?

Mr. CROXTON. The Division of Public Moneys is abolished by the budget bill and it is left out of the legislative bill for next year; the functions, other than these, are transferred to Bookkeeping and Warrants.

Mr. BYRNS. You say that before the creation of this division the Division of Public Moneys had charge of it, and that this particular division was created because the work was really not being done?

Mr. CROXTON. It was not being done and could not be done as a part of another division.

Mr. BYRNS. But the Division of Public Moneys did keep the accounts and collected the interest?

Mr. CROXTON. Yes; they did the best they could, I think, under the conditions they had to deal with.

Mr. BYRNS. And the improvement you have made is that of having a more direct and immediate supervision over these accounts and the reduction which you have detailed in the various deposits over the country?

Mr. CROXTON. That is the idea exactly; there is a closer supervision; it permits the same amount of Government business to be done on substantially \$40,000,000 less money.

The CHAIRMAN. Is not this true also that prior to the war the State Department and the Navy Department had fiscal agents abroad that looked after whatever deposits there were abroad but that now they have no fiscal agents abroad?

Mr. CROXTON. That is true, and they now use our foreign depositaries.

The CHAIRMAN. And you have taken over the duties formerly performed by—

Mr. CROXTON (interposing). Speyer & Co. for the Navy.

Mr. BYRNS. This was presented to the subcommittee on the legislative bill?

Mr. CROXTON. Yes, sir.

Mr. BYRNS. Do you know why they did not include it?

Mr. CROXTON. I think I know.

Mr. BYRNS. Is there any reason why it should not be stated?

Mr. CROXTON. I think it was through an idea of economy.

Mr. BYRNS. It was not included in the bill as reported to the House?

Mr. CROXTON. No; there is no provision made in the legislative bill for this particular work at all.

Mr. BUCHANAN. They had a pretty good motive if they had the motive of economy.

Mr. CROXTON. That is true, but it all depends on what you term economy.

Mr. BUCHANAN. How long have you been connected with the Treasury Department?

Mr. CROXTON. Fourteen years.

Mr. BUCHANAN. When was your salary raised to \$4,500?

Mr. CROXTON. I think a couple of years ago; two years ago.

Mr. BUCHANAN. But before the creation of this division?

Mr. CROXTON. Yes; I was getting \$4,500 when I took over this division.

Mr. BUCHANAN. What position did you then occupy?

Mr. CROXTON. I was assistant to Mr. Leffingwell, Assistant Secretary.

Mr. BUCHANAN. You were assistant to the Assistant Secretary at \$4,500?

Mr. CROXTON. Yes, sir.

Mr. BUCHANAN. Was that a statutory place?

Mr. CROXTON. No; that was not a statutory place.

The CHAIRMAN. Are all of these positions civil service positions?

Mr. CROXTON. Every one of them; yes, sir.

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MONDAY, MAY 2, 1921.

DIVISION OF APPOINTMENTS.

STATEMENT OF MR. J. E. HARPER, CHIEF, DIVISION OF APPOINTMENTS.

ADDITIONAL EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. When was the Division of Appointments created?

Mr. HARPER. I could not tell you the date, Mr. Chairman, but it was many years ago.

The CHAIRMAN. It is an old division?

Mr. HARPER. Yes; it is one of the oldest divisions in the Treasury Department, and one of the divisions of the Secretary's Office.

The CHAIRMAN. You are asking for an assistant chief of division, at \$2,200, and a clerk, at \$2,000. This is for the next fiscal year?

Mr. HARPER. Yes, sir. But the title of the position at \$2,200 should be "Assistant to Chief of Division."

The CHAIRMAN. What force has been provided for the Division of Appointments for the next year in the legislative bill?

Mr. HARPER. The present force consists, I believe, of 22 places, and 7 additional employees have been provided for the next fiscal year, but I put in an estimate for this assistant to the chief and for a place for the man in charge of the files, which is a very heavy and hard worked position; both of these positions are filled and are paid out of expenses of loans and have been for the last two years. The work of the division would be seriously crippled if I had to lose the services of these two employees, and I will have to lose them unless I can get some place to carry them after July 1.

The CHAIRMAN. You think you will need an additional force for next year?

Mr. HARPER. Yes; I have had, I think, about 22 people detailed from other offices, which has been absolutely necessary because the work of the division has been so heavy. You see, the clerical force of the Treasury Department is now about four times what it was before the war.

Mr. BUCHANAN. About how many are there?

Mr. HARPER. Approximately 30,000 in Washington and about 40,000 or 45,000 in the field services.

## DUTIES.

The CHAIRMAN. Just what are the functions of the Division of Appointments?

Mr. HARPER. We handle everything in regard to the personnel, appointments, all changes in grade and salary, and conduct all correspondence relative to the personnel. That includes, of course, presidential positions, making up presidential nominations and commissions, the preparation of all bonds for employees or officials of the Treasury Department who have to give bonds to the Government, the preparation of all pay rolls of the Treasury Department in Washington, the checking of them, and we have charge of all files connected with the personnel of the Treasury. That includes the field services as well as the departmental service. We also keep a record of the leave of all employees of the Treasury in the District of Columbia.

The CHAIRMAN. Does it include the Internal Revenue?

Mr. HARPER. Yes; the Internal Revenue, the Customs Service, the Coast Guard, and so on.

The CHAIRMAN. The War Risk Insurance Bureau?

Mr. HARPER. Yes, sir.

Mr. BUCHANAN. Prohibition enforcement?

Mr. HARPER. Yes, sir; everything comes through there.

## NUMBER OF EMPLOYEES.

The CHAIRMAN. How many people have you on your regular force?

Mr. HARPER. Twenty-two.

The CHAIRMAN. Then you have 22 details?

Mr. HARPER. Yes, sir; and we have been provided with seven additional places for next year. You see, Mr. Chairman, the additional force we have been given is clerical, but we have not been given any additional supervisory force and that is the thing I am in need of now. We have these two people there paid from expenses of loans and it is absolutely necessary to keep them, unless the work of the office is to be seriously crippled.

The CHAIRMAN. The work of your division, I assume, has been growing very materially?

Mr. HARPER. It has. As I say, the personnel of the Treasury Department has more than quadrupled since the beginning of the war.

The CHAIRMAN. One-third, I believe, has been added to the appropriations of the Internal Revenue Bureau. Last year you were on the basis of about \$21,000,000, and now you are on the basis of \$31,000,000.

Mr. HARPER. Yes; there has been a very large increase in the Internal Revenue Bureau, both in the department in Washington and in the field forces.

The CHAIRMAN. You say your division takes care of all correspondence with regard to appointments in connection with the Treasury Department?

Mr. HARPER. Everything that comes through the Secretary's Office. Of course, there is a great deal of correspondence between the Commissioner of Internal Revenue and collectors and the field force, just as there is between the chief of the Division of Customs

and the collectors of customs and other field officers; but we handle everything that comes through the Secretary's Office.

Mr. BUCHANAN. You do not mean to say that you handle appointments in the field service of the Internal Revenue Bureau?

Mr. HARPER. Yes; everything that comes through for the Secretary's approval.

Mr. BUCHANAN. I have understood that the different collectors make the recommendations and that then the commissioner has them appointed.

Mr. HARPER. No; the Commissioner of Internal Revenue does not make any appointments without the approval of the Secretary or Assistant Secretary.

Mr. BUCHANAN. Certainly not, but that is merely formal.

Mr. HARPER. Yes. Of course, there is not as much work connected with field appointments as there is with departmental appointments; but we keep a record of everything, of every change that comes through there, and the papers connected with those changes.

The CHAIRMAN. Can you tell approximately how many new appointments are made a month, on the average?

Mr. HARPER. I have not that information here, Mr. Chairman, but the turnover has been very much greater than it was before the war.

The CHAIRMAN. I wish you would put in the record a statement showing the number of appointments made by months during the past fiscal year.

Mr. HARPER. Very well.

#### STATUS OF WORK.

The CHAIRMAN. Is your force busy all the time?

Mr. HARPER. Well, I would be very glad to have any of you come in there at any time and see if you can catch anybody loafing. Yes; I think it is generally understood that the Appointment Division is one of the hardest-worked divisions in the Treasury Department, and that is necessarily so.

Mr. BUCHANAN. Is your work current?

Mr. HARPER. Yes; and it is necessary to keep it current.

The CHAIRMAN. What does the assistant do?

Mr. HARPER. My purpose in asking for an assistant is really to help me in handling correspondence, in handling the large number of people that come in there, in giving instructions in regard to making up nominations, and the preparation of presidential commissions, the checking of the bonds, and a great many other details that it would be hard to mention.

The CHAIRMAN. If the Public Health Service and the Bureau of War Risk Insurance, as well as some of the other nonfinancial departments of the Government, are removed from the Treasury Department your work will then be very materially reduced?

Mr. HARPER. Yes; if they take away the Public Health Service and the War Risk Insurance Bureau, but I have only two people engaged on war risk work in my division, but it will take out a group of five or six engaged on Public Health work.

The CHAIRMAN. How many hours a day does your force work?

Mr. HARPER. They put in the full eight hours.

The CHAIRMAN. All of them?

Mr. HARPER. Yes; all of them, and some work overtime all the time and some of them part of the time.

The CHAIRMAN. How about the assistant chief and the clerk to whom you refer?

Mr. HARPER. Both work overtime practically six days a week throughout the year, when they are there; the man in charge of the files does not take more than 8 or 10 days' leave.

Mr. BUCHANAN. The people you are asking for are already working for you?

Mr. HARPER. Yes, sir; at the salaries estimated for.

Mr. BUCHANAN. And have been for some time?

Mr. HARPER. Yes; they have been working for me about two years at those salaries.

Mr. BUCHANAN. The only reason you are here is because the legislative bill eliminated them?

Mr. HARPER. Well, it simply makes no provision for them. If I could carry them on the bond appropriation, as I have been doing, it would be all right; it is immaterial to me, but I want some sort of a provision made for them.

Mr. BUCHANAN. And you can not do that as the law now stands?

Mr. HARPER. No; I can not.

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MONDAY, MAY 2, 1921.

DIVISION OF PRINTING AND STATIONERY.

STATEMENT OF MR. F. F. WESTON, CHIEF DIVISION OF  
PRINTING AND STATIONERY.

EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. For the Division of Printing and Stationery you are asking for two clerks at \$1,400 each, two at \$1,200 each, one at \$1,000, one at \$900; multigraph operators, one at \$1,200 and one at \$1,000; skilled laborer \$840; seven laborers at \$720 each, and four messenger boys at \$480 each, in addition to the force that is provided by the legislative bill for next year.

Mr. WESTON. Yes, sir.

The CHAIRMAN. Why are you going to need those employees?

Mr. WESTON. That is the existing status. We have had those additional employees, as set forth in the document you have before you, for the last three years, and they have been carried on the bond roll. The increase of work in the Division of Printing and Stationery requires this additional force and has required it ever since the growth commenced in the Treasury, and we merely wish to have some provision made for the continuance of the employees we now have and have had for three years past.

The CHAIRMAN. I wish you would put in the record a statement showing your total force during the years 1916, 1917, 1918, 1919, 1920, and 1921.

Mr. WESTON. Very well.

*Total number of employees, fiscal years 1916, 1917, 1918, 1919, 1920, and 1921, Division of Printing and Stationery, Treasury Department.*

Fiscal year.	Number of employees.			
	Statutory roll.	Bond roll.	Detailed.	Total.
1916.....	25			25
1917.....	25			25
1918.....	30	12		42
1919.....	31	16	3	50
1920.....	31	18	6	55
1921.....	32	20	7	59

The CHAIRMAN. How large a force have you at present?

Mr. WESTON. The old force on the statutory roll is 30; we have these 20 that are paid under the bond roll, and in addition to that we have had 8 or 10 details during the last two years or the last two years and a half. If the work runs down in the Treasury Department we can dismiss the detailed people first.

The CHAIRMAN. How many details have you now?

Mr. WESTON. Eight or 10 from the Public Health Service.

Mr. BUCHANAN. How many have you altogether right now, details and all?

Mr. WESTON. Fifty-eight (1 vacancy).

The CHAIRMAN. You have not 58 details?

Mr. WESTON. No; that is the number altogether.

The CHAIRMAN. You only have 8 or 10 details and they are all from the Public Health Service?

Mr. WESTON. Yes, sir.

#### DUTIES.

The CHAIRMAN. What does this force do?

Mr. WESTON. Well, the bulk of it is engaged in receiving supplies for the Treasury Department as they are shipped in by freight; that force unpacks the supplies, puts them on the shelves and fills requisitions for miscellaneous quantities that come in from the service here in Washington and outside of Washington; this force packs them up for reshipment in the quantities as requisitioned. We get them in bulk and, as a matter of fact, we get a good many supplies in carload lots. Those supplies have to be put in stock, the invoices checked, and then the shipments on requisitions go out.

The CHAIRMAN. Take your large demands here. Can they not be shipped directly from the manufacturer?

Mr. WESTON. They are; that is, to the larger offices, principally the customhouse in New York, which is our largest customer. A great deal of our supplies is shipped directly.

The CHAIRMAN. Why could not that apply to some of the smaller places? Take places like New Orleans, Galveston, San Diego, Los Angeles, San Francisco, Seattle, and Tacoma.

Mr. WESTON. Wherever practicable we do that, especially where the source of supply is in the direction toward those people; that is, if those offices are in the West and the source of supply is in the

West we do not bring them to Washington and then ship them back, but we ship them direct from the factory.

The CHAIRMAN. You had a pretty full hearing on this matter before the legislative subcommittee, did you not?

Mr. WESTON. Well, I do not think they went into it as fully as we have this morning.

The CHAIRMAN. How long have these persons been in this division?

Mr. WESTON. All of them have been there two years or more.

The CHAIRMAN. At the present rates of pay?

Mr. WESTON. Yes, sir.

The CHAIRMAN. What will happen if you do not get this authority?

Mr. WESTON. We will have to quit business, because we can not supply the Treasury Department, with its largely increased number of employees, with the old statutory force of 30 people. When we had 30 people in this division the Treasury had 8,000 or 9,000 employees, while now the number is around 28,000. The increase in the number of people to wait on them is not proportionate to the total number of employees in the Treasury Department, because there has been an increase of nearly four times the number in the Treasury Department, whereas the number of employees in the division has only just about doubled.

The CHAIRMAN. What is the total cost of the supplies handled by this division as compared with 1916?

Mr. WESTON. It used to be between \$300,000 and \$400,000, while now it is \$1,500,000.

The CHAIRMAN. Then the cost of the goods is about twice as much?

Mr. WESTON. Well, roundly so; yes, sir.

The CHAIRMAN. Of course, your demand for help would not, I should think, increase in the same proportion that the amount of your supplies increased.

Mr. WESTON. No; not quite.

The CHAIRMAN. A person can make a shipment of 1,000 sheets about as quickly as he can 500.

Mr. WESTON. Yes, sir; that is the idea; we ship larger quantities to the same people.

The CHAIRMAN. Are you putting in force any economies that will permit you to reduce your force?

Mr. WESTON. I watch those things continually, Mr. Chairman, but the economies we make are all small ones. In the aggregate, I presume, they would amount to considerable. No record, however, is kept of that. We do not send to any requisitioner the full quantity asked for until it has had the approval of the section chief and myself; it goes through two hands before it is filled.

Mr. BUCHANAN. Neither you nor the section chief is really in a position to know how much should be sent to the bureau?

Mr. WESTON. Yes, sir; we know better than you would think. We know how many employees they have.

Mr. BUCHANAN. Yes.

Mr. WESTON. We know how much they have had in the past and the two things make a guide.

Mr. BUCHANAN. We know how much you have had in the past, but now you want this additional money?

Mr. WESTON. Because our business has grown more than quadruple.



Mr. BUCHANAN. Yes; we judge by the past and you judge by the past. You know the increase in the different branches of the Treasury Department and that is a very good guide as to the quantity of supplies, but you would not know, except by a mere judgment, as to the field service?

Mr. WESTON. We know as to that also. I have had the Internal-Revenue Commissioner report to me each office and the number of employees in each place.

Mr. BUCHANAN. But he would know better than you, I think.

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MONDAY, MAY 2, 1921.

DIVISION OF MAIL AND FILES.

**STATEMENT OF MR. RICHARD WASHINGTON, REGISTRY CLERK AND ASSISTANT CHIEF.**

**EMPLOYEES FOR FISCAL YEAR 1922.**

The CHAIRMAN. You are asking for a distributing clerk at \$1,400, reading and routing clerk, \$1,400, assistant file clerk, \$1,100, and an assistant mail messenger, \$900, in addition to the force that is carried for your division in the legislative, executive, and judicial appropriation act for next year?

Mr. WASHINGTON. Yes, sir.

The CHAIRMAN. Why is it necessary to have this additional force?

Mr. WASHINGTON. The work has increased since I have been there, five or six years, at least more than double. We have been struggling along as best we could until we got some increase on the bond roll. This mail is handled by Mr. Raymond, the distributing clerk, who has been in the Treasury for about 37 years. We now carry him on the bond roll. If these employees are cut off, we will simply cease to function.

The CHAIRMAN. How large a force have you?

Mr. WASHINGTON. Fourteen—4 on the bond roll and 10 on the statutory roll. We are actually unable to handle the mail without this additional help. I have had my hands full with the registry work on the bonds.

The CHAIRMAN. Are these the persons you have on the bond roll?

Mr. WASHINGTON. Yes, sir; those four.

The CHAIRMAN. Did you estimate for them regularly?

Mr. WASHINGTON. Yes; we estimated for them.

The CHAIRMAN. And the committee gave you the entire force, excepting these four people?

Mr. WASHINGTON. Yes, sir. We have one \$1,000 position which we have not as yet filled; there is one vacancy, nobody eligible to promote to take the place.

The CHAIRMAN. All of the mail for the Treasury Department that is not addressed to a certain division or certain official comes to your division?

Mr. WASHINGTON. All the mail comes there.

The CHAIRMAN. All the mail?

Mr. WASHINGTON. Yes, sir; except the mail for such bureaus as the Bureau of Internal Revenue, War Risk, and Architect's Office, which is put up in sacks at the main city post office.

The CHAIRMAN. Does the mail addressed to the Secretary of the Treasury come to your division?

Mr. WASHINGTON. Yes, sir.

The CHAIRMAN. And you open it?

Mr. WASHINGTON. We open it and read it and route it to the various divisions, there are about 40 divisions. That takes the entire time of the reading and routing clerk.

The CHAIRMAN. About how many letters do you receive daily?

Mr. WASHINGTON. The first time we made a count it was over 8,000 and the next time we counted it was 10,000, I suppose. All of those are not opened, but the reading and routing clerk handles four or five hundred letters that have to be cut open and read and the money and bonds picked out. They have to be examined and a record made and then forwarded to the various divisions. That takes the entire time of the reading and routing clerk.

The CHAIRMAN. You make a record of them in your office?

Mr. WASHINGTON. Yes, sir; a record is made of all valuables received.

The CHAIRMAN. If a bank sends in money you put it in an envelope and send it to the proper division?

Mr. WASHINGTON. We record it in a book and send it and get their receipt. It takes the entire time of the reading and routing clerk to open this class of mail and pick out all of the letters containing bonds and money. He has to read four or five hundred letters. The distributing clerk stands at the desk and distributes the eight or ten thousand letters. If you take those two men from us we would cease to function.

The CHAIRMAN. How about the assistant filing clerk?

Mr. WASHINGTON. There were always for a good many years two file clerks. One died. Since that we have had only one. He has been on the job a good many years, he is an old man, and if he is sick or away there is no understudy, and we have to go and get the files. Congressmen and Senators often make requests of that character. We have not been able to fill the position at \$1,100 with a clerk that would stay any length of time.

The CHAIRMAN. Have you not some one whom you could promote to that position?

Mr. WASHINGTON. There is nobody available there except a \$900 colored man and he is not competent, I think, to do that work.

Mr. BYRNS. You would not always want two people to do the work of the file clerk?

Mr. WASHINGTON. Yes. During the war we were two years behind in getting up public-money certificates.

Mr. BYRNS. I understood you to say a moment ago that the reason you needed the assistant file clerk was to do the work when the file clerk was away.

Mr. WASHINGTON. There is nobody who knows those files except Mr. Simpson. He is quite an old man. He has been there some years. We ought to have an assistant or understudy. We had one, but he died. There has been none since the war.

The CHAIRMAN. Have you only one distributing clerk?

Mr. WASHINGTON. Yes, sir; that is all. We have a document clerk in another room who handles all the documents, who is carried on the mail and files rolls as distributing clerk; but he does not distribute mail.

The CHAIRMAN. But you have only one distributing clerk?

Mr. WASHINGTON. Only one.

The CHAIRMAN. Just what does he do?

Mr. WASHINGTON. That is Mr. Raymond, who has been there over 37 years. He stands at the case and throws all of these letters. He knows the name of nearly everybody in the Treasury, he keeps a record of all the names. Hundreds of letters come there just addressed to "Mr. Doe," we do not know just where he is located, and Mr. Raymond has to look him up. He is busy all the time distributing the mail which comes in four or five times a day.

The CHAIRMAN. That is not the same position as the reading and routing clerk?

Mr. WASHINGTON. No. The letters addressed to Treasury Department or Secretary of the Treasury have to be cut open and read and the securities taken out. He, the reading or routing clerk, is busy all the time on this work. These letters come in addressed to the Secretary of the Treasury. We do not know what they contain. Many of them contain bonds and money coming back for redemption.

The CHAIRMAN. If you do not get those two places, who will do the work of distributing and reading and routing?

Mr. WASHINGTON. We have not anybody. We have not anybody to put on that work.

The CHAIRMAN. Those two men have been doing that specific work?

Mr. WASHINGTON. Yes, sir.

The CHAIRMAN. For how long?

Mr. WASHINGTON. Continuously. Mr. Raymond has been there 37 years on that work, reading and routing the mail, but it has gotten so heavy that we have had to have a mail messenger, running back and forth on a truck, five or six times a day, carrying the mail down to the post office and bringing it back. We would simply cease to function, the Treasury Department would be held up, if we could not get the mail out. It is absolutely necessary.

#### NUMBER OF EMPLOYEES.

Mr. BUCHANAN. How many employees are there in this division now?

Mr. WASHINGTON. Fourteen; 4 on the bond roll and 10 on the statutory roll.

Mr. BUCHANAN. Four on the bond roll and 10 paid from the statutory roll?

Mr. WASHINGTON. Yes; on the Secretary's roll.

Mr. BUCHANAN. How long have you had the four on the bond roll, since when?

Mr. WASHINGTON. Since about the middle of 1918, I think.

Mr. BUCHANAN. In other words, they are products of the war?

Mr. WASHINGTON. Yes, sir.

Mr. BUCHANAN. On account of the sales of bonds and all like that?

Mr. WASHINGTON. Yes, sir.

Mr. BUCHANAN. The war is over, and still the necessity exists for these men?

Mr. WASHINGTON. Yes, sir. The mail is nearly as heavy now as it was; not quite as heavy. We have had additional duties assigned to us. One of our messengers has to guard the money truck coming up and going down to the post office. They bring about 20 to 70 bags of registered mail and we have to send two men to the post office every morning to get the mail. We did not have to do that before. There was some other arrangement. That cripples our force.

Mr. BUCHANAN. One of them guards the truck which brings the mail up?

Mr. WASHINGTON. They go down and up. We send two men on the truck to the city post office every morning to bring up this registered mail, which varies from 20 to 70 sacks, heavy sacks. That was not formerly done; we were not called upon to do that.

Mr. BUCHANAN. Are you afraid that somebody will rob it right in the building?

Mr. WASHINGTON. On the route from the city post office.

Mr. BUCHANAN. From the city post office to the Treasury, they bring that up in the truck?

Mr. WASHINGTON. Yes, sir.

Mr. BUCHANAN. They bring it up to the Treasury from the post office?

Mr. WASHINGTON. Yes. We have to send the men there to handle it. It is delivered at the gate and they bring it down in the elevator and load it on the truck and come up with it. That takes two messengers. When one is away we have to scratch along the best way we can. It varies from 20 to 70 bags of heavy mail each morning.

Mr. BUCHANAN. I suppose they are armed?

Mr. WASHINGTON. No; our men are not armed.

Mr. BUCHANAN. Then, they are not to guard it, but to help lift it?

Mr. WASHINGTON. They ride in the truck. It is money from the Federal reserve banks cut in two, half notes.

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MONDAY, MAY 2, 1921.

OFFICE OF DISBURSING CLERK.

STATEMENT OF MR. J. L. SUMMERS, DISBURSING CLERK.

EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. Mr. Summers, you are asking for the office of disbursing clerk \$4,850, cash payment clerk \$2,250, clerk at \$1,600, and messenger at \$1,000, in all, \$4,850, in addition to the force carried for the office of the disbursing clerk for the next year?

Mr. SUMMERS. Yes, sir.

The CHAIRMAN. What is the necessity for this additional force?

Mr. SUMMERS. That comes under paragraph 8 of document No. 52, in which the Secretary says:

Some provision must be made for the continuance of the services of these three persons if the work of that office is to continue to be functioned efficiently.

The CHAIRMAN. Yes; but the Secretary just followed your suggestion in regard to that.

Mr. SUMMERS. But he is emphatic about it and as you will see, there has been very little increase in the force of the disbursing clerk's office in many years. It is an old statutory office and this item, I think, stands in a different light from any other item in document No. 52. The idea is simply to provide for the office transacting business during next year after the appropriation for Expenses of Loans ceases to be available.

The CHAIRMAN. The idea is to give you the three clerks who are on the appropriation for the expenses of loans?

Mr. SUMMERS. Yes, sir.

The CHAIRMAN. How many clerks have you all told now?

Mr. SUMMERS. On the statutory roll there are only 14.

The CHAIRMAN. Fourteen on the statutory roll?

Mr. SUMMERS. Yes, sir.

The CHAIRMAN. How many have you from Loans and Currency?

Mr. SUMMERS. Paid from the appropriation Expenses of Loans, three, the three covered right there. We have others from other offices that we have had right along. You will see that we made an estimate to cover the necessary force, but the committee found that we had details from the lump sums for Public Health and Internal Revenue. I think the committee was convinced that it was necessary to have these clerks and that we were running the office on the minimum number of clerks possible, but they said, "We will not save any money by giving you the clerks on the statutory roll, just keep on getting details from the lump sums. There are millions of dollars appropriated for the Internal Revenue and the Public Health Service which you can continue to use."

These three persons paid from the appropriation Expenses of Loans represent in their respective positions among the most important people in the office, an essential part of our organization. The cash-payment clerk has been there for a great many years and is charged with the work of putting up the money. Nine thousand people here in Washington were paid by putting the money in pay envelopes Saturday, the last pay day, and 10,000 people by check. The work of the Treasury, as far as the disbursing office is concerned, has not decreased since the war, but has constantly increased.

The CHAIRMAN. Could not the deputy disbursing clerk do the work of the cash-payment clerk?

Mr. SUMMERS. Oh, no sir.

The CHAIRMAN. Why not, is he not competent?

Mr. SUMMERS. Yes, sir; but it takes a trained person.

The CHAIRMAN. Is he not trained?

Mr. SUMMERS. Yes; but he has all he can do in his regular work. This cash-payment clerk also has the work of making up the accounts and he keeps the appropriation ledger, and is one of the most important and essential clerks in the office. We could not get along properly if we lose these clerks.

The CHAIRMAN. You have 14 on the statutory roll and 3 from Loans and Currency, and what else?

Mr. SUMMERS. We have now three from Internal Revenue and, I think, five from the Public Health Service; those lump sums have furnished the necessary people to keep the office running along.

The CHAIRMAN. You have no other details?

Mr. SUMMERS. No, sir.

The CHAIRMAN. How many have you provided for in the legislative bill for next year?

Mr. SUMMERS. They did not give us any increase at all. We have only 14 in the legislative bill.

The CHAIRMAN. What does the clerk at \$1,600 do?

Mr. SUMMERS. That clerk is engaged on an important branch of the work in connection with the accounts and the daily balance of the various appropriations. All of these clerks have to be general-utility men. The point is to get the work out. It is a religion with us to pay bills promptly. We can not afford to get behind. We handled thirty-odd thousand vouchers last month.

The CHAIRMAN. Thirty-odd thousand vouchers?

Mr. SUMMERS. Yes, sir; and issued 56,000 checks last month. The checks for this fiscal year will average over 50,000 a month. We pay out an average of \$9,000,000 a month. We pay the bills promptly, because it saves time. It saves answering letters and telegrams from Members of Congress, creditors, and others. So we keep this work up, but I do not see how we can do it if we do not have some way of retaining these vitally important clerks.

The CHAIRMAN. You have one messenger provided for?

Mr. SUMMERS. Yes, sir.

The CHAIRMAN. What does the messenger do?

Mr. SUMMERS. He is one of the hardest worked messengers in the department. He stamps and arranges vouchers; assists in preparing and sorting checks. He does all kinds of regular messenger work and carries the deposits (checks) several times a day from the office up to the Treasurer. Then there are checks and other important papers that have to be carried to all the bureaus of the department, and on the days when preparing for pay day he has to carry the pay rolls to the various offices. The messengers have to work overtime every day in the month.

The CHAIRMAN. What I do not understand is this: After the House passed the bill cutting out the three places, if they were so important why you did not go to the Senate and simply explain the situation to the Senate committee.

Mr. SUMMERS. I talked with Mr. Smoot and Mr. Warren and I thought they were going to do something, because I thought they saw the point as I am trying to explain it to you. It was over there that they told me, when I was asking for the statutory force instead of relying on the temporary details, that they would not save any money by giving us the statutory places and for us to keep on using the big lump sums. These clerks are necessary and essential to the organization of the office and to the efficient handling of the business. I thought they would do something, but it seems to have been overlooked, and that left us in this embarrassing position.

Mr. BYRNS. As I understand, these positions for which you are now asking, you have now and have had for some time and they are being paid out of the appropriation "Expenses of loans"?

Mr. SUMMERS. Yes, sir.

Mr. BYRNS. And they will drop out on June 30 unless provision is made for them in this bill?

Mr. SUMMERS. Yes, sir.

Mr. BYRNS. Is the whole force kept busy?

Mr. SUMMERS. Yes, sir. We do not ask for any additional clerks unless the work runs behind. We have to speed up all the time and work overtime.

Mr. BYRNS. If you get the three clerks, do you expect to seek any details from the Public Health Service or other bureau?

Mr. SUMMERS. We expect to continue them just as they are, if necessary.

Mr. BYRNS. In other words, the work of your office is such that you not only need your present statutory force, but you need these three additional employees and the details in addition?

Mr. SUMMERS. Yes, sir. These are absolutely necessary. I do not think that we will ever come to the time when these three clerks would not be absolutely necessary to run the regular work of the office.

Mr. BYRNS. You said something about the cash payment clerk. He is in charge of the cash payments; that is his particular duty?

Mr. SUMMERS. That is just one of his duties, but the most important.

Mr. BYRNS. How much does he pay out in cash in a month?

Mr. SUMMERS. Every pay day we are now paying about \$525,000. It has been up to \$564,000, which, you see, is over \$1,000,000 a month; \$12,000,000 a year in salaries.

Mr. BYRNS. That is in small money payments?

Mr. SUMMERS. There were 9,000 pay envelopes that went out of the office Saturday, the last pay day.

Mr. BYRNS. He is charged with making up the pay envelopes and has to see that they are correct and that no mistakes are made?

Mr. SUMMERS. Yes, sir. There are constant changes on the pay rolls. Each pay roll represents a separate account. They have to keep the cash separate. Any slight error might cause infinite trouble. We never get out before 6 or 7 o'clock around pay days, under most favorable conditions.

Mr. BYRNS. If this force is not given you, is there another clerk in your office to do this particular work?

Mr. SUMMERS. No, sir. There is not, I think, a clerk in the department who could do it as well as this one.

Mr. BYRNS. What I mean is, whether or not other clerks on your present roll and on the roll you will have next year could be assigned to this work without injury to the work they are now doing?

Mr. SUMMERS. No, sir; it would be impossible, because everybody there is as busy as they can be and we can not dispense with these clerks. The last time we increased the force by a couple of clerks was some five years ago, as you remember. The work of the office since 1916 has more than trebled, it has almost quadrupled as shown by the number of checks issued. The amount of work required has really grown more than shown by that ratio, because since the war we have had a great many of the vouchers improperly and incorrectly prepared in the administrative offices and it requires a closer examination to see that the vouchers are in all respects in accordance with the law and regulations. The office really can not get along without these clerks.

The idea of the Secretary seems to be to tide us over and keep the office functioning until reclassification next year. I feel confident

that reclassification will take care of all these positions, and this is only to enable us to pay the bills promptly and handle the work during the next fiscal year.

Mr. BYRNS. You do not think you can do that without these clerks?

Mr. SUMMERS. We can not; no, sir. The details we now have do not permanently belong to us and they are precarious; they come and go, and it is a mighty unsatisfactory way to run an office, but we have had to go along in that way ever since the war. The committee did not give us statutory positions, and the work must be done. We have taken great pride in running the office with a minimum amount of clerical assistance. The Secretary is right in saying that it is important to make provision for the retention of these positions.

Mr. BYRNS. When clerks are on a lump-sum roll and the lump-sum roll is dropped, as a rule there is always pretty strong pressure from the clerks themselves, naturally, and also from the head of the office or bureau who has had the advantage of their work, to keep them on the roll, and it is always a question—without questioning the sincerity of those who appear in behalf of the clerks—as to whether or not the very fact that these clerks are about to lose their jobs has had any effect on the request made for their retention or whether the request is solely because of a desire to keep up the public business.

Mr. SUMMERS. I think all of these clerks rely on the head of the office to take care of them, because they know they are doing their duty in their respective positions and they know their work is a part of the most important work in the office; so they feel, I suppose, that the office can not get along without them, and they just rely on the Secretary and head of the office to make some provision for them.

I am struggling now to convince you gentlemen of the necessity and importance of taking care of these people. Even that messenger is one of the best known and most popular in the department; he is known in every bureau and liked because he is hard-working, polite, and attends to business; his training of 10 or 15 years makes him worth a great deal more than the Government pays him. The same thing with more emphasis can be said of the cash payment clerk; there are not many people in the whole department adapted to that work, and I do not know of any one who could do it as well. It is just a case of handling the work; that is all there is to it, and there ought to be some way of providing for these people.

Mr. CANNON. You presented this matter to the committee having in charge the legislative bill?

Mr. SUMMERS. Yes, sir; in a general way, and they seemed to think we could get along with details, but if these three are cut off I do not know what provision can be made. I think the committee were convinced of the necessity of having all the clerks we now have, but in not providing for these three I do not know how they thought we were going to get along.



MONDAY, MAY 2, 1921.

## DIVISION OF BOOKKEEPING AND WARRANTS.

## STATEMENT OF MR. M. J. O'REILLY, CHIEF.

## ADDITIONAL EMPLOYEES.

The CHAIRMAN. You are asking for the Division of Bookkeeping and Warrants, in addition to the force provided for in the legislative, executive, and judicial appropriation act for the fiscal year 1922, for additional employees, assistant chief of division, \$2,500; clerks—two at \$2,000 each, three at \$1,800 each, three at \$1,600 each, two at \$1,400 each, two at \$1,200 each; two messengers at \$840 each; assistant messenger, \$720; in all, \$24,300?

Mr. O'REILLY. Yes, Mr. Chairman. That is for the work now done in the Division of Public Moneys.

The CHAIRMAN. As I understand, the legislative bill, as it was reported, carried an item for the Division of Public Moneys of \$26,660, that went out on a point of order?

Mr. O'REILLY. Yes, sir.

The CHAIRMAN. And has never been restored?

Mr. O'REILLY. Yes, sir.

The CHAIRMAN. Did you take it up with the Senate committee?

Mr. O'REILLY. The department itself, I think, asked that it be restored in connection with other matters.

The CHAIRMAN. The budget bill abolishes the Division of Public Moneys?

Mr. O'REILLY. Yes, sir.

The CHAIRMAN. And it transferred to the Division of Bookkeeping and Warrants certain functions?

Mr. O'REILLY. Yes, sir.

The CHAIRMAN. And this is the force you will need?

Mr. O'REILLY. It is not for the present work of the Division of Bookkeeping and Warrants. It is to take care of the work now being performed by the Division of Public Moneys which under the budget bill will come over to the Division of Bookkeeping and Warrants. I might say to you, Mr. Chairman, that last September the Secretary transferred to the Division of Bookkeeping and Warrants a portion of the Division of Public Moneys. That portion of the division not provided for in the legislative bill for 1922 remains to be considered now.

The CHAIRMAN. Are these persons specified here receiving the same rates of pay, or have you increased them?

Mr. O'REILLY. We have not increased them. There is only one place there that is not provided for. Last September you gave me all of the transferred places in the appropriation for Bookkeeping and Warrants, except one messenger. That messenger was transferred to the Division of Bookkeeping and Warrants with the force that went over last September, but you did not provide for the messenger. All of those persons, including the messenger, as estimated for, are working at the present time at those salaries.

The CHAIRMAN. How many messengers are provided for in your regular appropriation for the Division of Bookkeeping and Warrants—not all of those messengers, the two messengers and the assistant messenger?

Mr. O'REILLY. We are using one of those messengers now in the Division of Bookkeeping and Warrants and two are employed on the work in connection with the Division of Public Moneys.

The CHAIRMAN. What work performed in the Division of Public Moneys will be transferred to the Division of Bookkeeping and Warrants?

Mr. O'REILLY. The work in connection with the certification for issue of warrants for outstanding liabilities, the issue of duplicate checks of disbursing officers, some work in connection with the credits of the disbursing officers on the books of the Treasury, the transfer of those credits being made by direction of the Secretary. The work of outstanding liabilities is likely to increase. Take as an illustration the case of the War Risk Insurance Bureau. They first began to issue checks in large numbers, as I recall, in January, 1918, for the fiscal year 1918, and there are great numbers of those checks, thousands of them, still outstanding, and after the 30th of June that will largely increase the work. Of course, as you understand, this work is not under my supervision now, but the budget bill provides for it and the matter of transferring it has been in contemplation.

The CHAIRMAN. Will you be kind enough to read the provision contained in the budget bill?

Mr. O'REILLY (reading):

SEC. 308. The duties now appertaining to the Division of Public Moneys of the office of the Secretary of the Treasury, so far as they relate to the covering of revenues and repayments into the Treasury, the issue of duplicate checks and warrants, and the certification of outstanding liabilities for payment, shall be performed by the Division of Bookkeeping and Warrants of the office of the Secretary of the Treasury.

This paragraph does not mention the Alien Property Custodian work, but the money is deposited in the Treasury. There is considerable work involved in that, and that work will necessarily come over with the other.

Mr. BYRNS. Let me see if I understand that. You have taken over a certain part of the work formerly performed by the Division of Public Moneys?

Mr. O'REILLY. Yes, sir.

Mr. BYRNS. For the current year you had \$112,920, and in the legislative bill for the next year there is a provision for \$137,720, which is an increase of practically \$25,000?

Mr. O'REILLY. \$24,800 for the 18 people transferred last September. The Division of Public Moneys was cut in two and a little more than half transferred to the Division of Bookkeeping and Warrants by the Secretary's order last September. That is the force which you have appropriated for under Bookkeeping and Warrants for 1922.

Mr. BYRNS. But for the 16 additional employees you want this amount in addition?

Mr. O'REILLY. Yes, sir.

Mr. BYRNS. Do I understand that these were carried in a separate item in the legislative bill and went out on a point of order?

Mr. O'REILLY. Yes, sir.

Mr. BYRNS. These particular employees for whom you are now asking?

Mr. O'REILLY. Yes, sir; the legislative bill as reported from the committee provided these places.

Mr. BUCHANAN. At the same salaries?

Mr. O'REILLY. Practically. I would not say that this number was carried in there, because I have not compared it so definitely. There was no increase in the salaries of the persons occupying these places and they are being paid at the present time the salaries contained in this estimate. In making this estimate I made no provision for any increase for anybody.

Mr. BYRNS. Will this result in taking over the whole force?

Mr. O'REILLY. The entire public moneys division.

Mr. BYRNS. Without the loss of any employee?

Mr. O'REILLY. Yes, sir.

Mr. BUCHANAN. Did you take over all the work?

Mr. O'REILLY. All the work comes with it.

Mr. BYRNS. Did you say that this matter was presented to the Senate Committee after it went out on a point of order?

Mr. O'REILLY. I was not there, but I understand that in a general way the Department requested this with the other items that went out of the legislative bill last year, and that the Senate Committee considered them all in the same manner at the same time; there was no special presentation of this item before the Senate Committee.

The CHAIRMAN. The legislative bill as reported to the House carried the following:

Division of Public Moneys, including designation of Government depositories, chief of division, \$3,000; assistant chief of division, \$2,500; clerks—four of class 4, three of class 3, three of class 2, two of class 1, one at \$1,000; messenger, assistant messenger, in all, \$26,660.

That, I am advised, was reported to the House and went out on a point of order and was not restored by the Senate.

Mr. O'REILLY. I wish you to understand, Mr. Chairman, that these items here represent persons now employed at those salaries.

The CHAIRMAN. I understand that. The only thing that is bothering me is that if last year you had in the Division of Public Moneys only one messenger and an assistant messenger-----

Mr. O'REILLY (interposing). An additional messenger was paid from the appropriation "Expenses of loans."

The CHAIRMAN. Yes. You have your regular messengers and now you are asking that we give you two messengers and an assistant messenger. When combining these forces it would seem to me that you ought not to increase your messenger service.

Mr. O'REILLY. This messenger which we are asking for here additional is a man who is now performing work in the Division of Bookkeeping and Warrants in connection with the work transferred from the Division of Public Moneys. He is under my supervision. There is enough work to keep him busy. In connection with that they have two messengers for the Public Moneys work; that is, the work they are still performing, and this contemplates continuing them when transferred to the Division of Bookkeeping and Warrants.

Mr. BUCHANAN. Then, the consolidation of the two divisions will not result in any economy?

Mr. O'REILLY. Yes; the salary of the chief of the division is an economy in one respect, \$3,000.

Mr. BUCHANAN. He is out and gone?

Mr. O'REILLY. Yes, sir. Of course, as I intimated before, this work is not under my supervision at this time, but so far as my observation goes they are busy all the time. Of course, not being under my control, I can not say that with positiveness. As to the outstanding liability work, I am satisfied that is going to increase during the coming year by reason of the carrying of all of those checks issued by the various disbursing officer of the War Risk Insurance Bureau. There are thousands and thousands of those checks, that will come before me in different ways. We are now issuing warrants to replace lost checks. The special accounts of the Secretary involve a great deal of work. Certainly the Alien Property Custodian feature is calculated to be a matter of very great importance because there are demands all the time for repayment of funds taken over by the Alien Property Custodian and there are many cases going into the courts, the Government being sued for the return of the money. It is my belief at this time that the work that these people are doing will not lessen during the fiscal year 1922.

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MONDAY, MAY 2, 1921.

DIVISION OF LOANS AND CURRENCY—BUREAU OF ENGRAVING AND PRINTING.

**STATEMENTS OF MR. WILLIAM S. BROUGHTON, CHIEF, DIVISION OF LOANS AND CURRENCY, AND MR. JAMES L. WILMETH, DIRECTOR, BUREAU OF ENGRAVING AND PRINTING.**

DISTINCTIVE PAPER.

The CHAIRMAN. You are asking \$56,708.13 for distinctive paper.

Mr. BROUGHTON. Yes, sir; and in such connection I would refer to the Secretary's letter of April 11, 1921, submitting the estimate, and published as House Document No. 4.

The CHAIRMAN. You have an appropriation for this year of \$796,706.87?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. With that you propose to purchase 123,250,000 sheets of distinctive paper?

Mr. BROUGHTON. Not more than 129,000,000 sheets.

The CHAIRMAN. Have you purchased all of that?

Mr. BROUGHTON. No.

The CHAIRMAN. Why not?

Mr. BROUGHTON. The year is not over yet. We will purchase about 124,000,000 sheets with the amount appropriated, and for this reason: Very fortunately the linen situation changed and we were able, about the 1st of March, to restore 50-50 stock, which has given us an improved quality of paper, but the cost is more.

The CHAIRMAN. So that you are now purchasing linen paper?

Mr. BROUGHTON. We are purchasing 50 per cent linen paper, for which we are paying 49 cents, while the appropriation is based on 45 cents for 100 per cent cotton.

The CHAIRMAN. What are you paying for the cotton paper?

Mr. BROUGHTON. We paid 45 cents.

The CHAIRMAN. Can you purchase all-linen paper for the next year?

Mr. BROUGHTON. Probably not, but it is possible that by the end of this calendar year we will go on the 100 per cent basis.

The CHAIRMAN. So it is costing you 4 cents a pound more—

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. Than you anticipated you would have to pay when the appropriation was made?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. How many pounds of 50 per cent linen paper will you purchase?

Mr. BROUGHTON. Two hundred and seventy-two thousand pounds.

The CHAIRMAN. How much will that amount to?

Mr. BROUGHTON. It amounts to \$10,880 additional for the purchase of 129,000,000 sheets authorized.

The CHAIRMAN. Then if we did not increase the limitation but permitted you to buy the linen instead of cotton you would need \$10,880?

Mr. BROUGHTON. To June 30; yes, sir; that is, for 129,000,000 sheets.

The CHAIRMAN. You want to get still more?

Mr. BROUGHTON. We want to buy 7,000,000 more sheets.

The CHAIRMAN. Do you want to buy more cotton also?

Mr. BROUGHTON. No; we do not want to buy any more cotton if we can help it.

The CHAIRMAN. You can not get deliveries before the 1st of July, can you?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. But not much before?

Mr. BROUGHTON. It will keep the mills running the way they are now, and there are two mills running.

The CHAIRMAN. Do you take the product of the mill?

Mr. BROUGHTON. We take the entire product of the Government mill and of one machine at the Pioneer mill, and there will be a third machine available the 16th of May.

The CHAIRMAN. Are you going to continue buying cotton paper next year?

Mr. BROUGHTON. No. The proposal for next year was submitted last Thursday.

The CHAIRMAN. You are the only purchasers?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. If you do not take it now, you will pay for it out of your next year's appropriation?

Mr. BROUGHTON. No; it would not be made; there is so much made every day, and they would just stop—or the manufacturing schedule would be reduced.

The CHAIRMAN. What is your arrangement with the mill in regard to the manufacture of this paper?

Mr. BROUGHTON. They are to make such quantities of paper as the Secretary shall direct.

The CHAIRMAN. And if the Secretary does not direct the purchase of the paper, the mill closes down?

Mr. BROUGHTON. It would have to close down.

The CHAIRMAN. What did you pay for this linen paper before the war, say, in 1916?

Mr. BROUGHTON. 36½ cents, and that was the lowest price we ever had.

The CHAIRMAN. The price of this paper is coming down somewhat?

Mr. BROUGHTON. We have been paying 45 cents this year up until now—that is, up until the 1st of March—for 100 per cent cotton.

The CHAIRMAN. Do you need the paper?

Mr. BROUGHTON. We do need it very badly; we are receiving paper to-day and issuing it to the bureau to-morrow; we have nothing in stock to speak of.

Mr. CANNON. Where is the paper made?

Mr. BROUGHTON. It is made at Dalton, Mass., by Crane & Co.

Mr. CANNON. Do you buy any paper in New Hampshire?

Mr. BROUGHTON. We never have.

The CHAIRMAN. When will you commence to get deliveries if you give orders now?

Mr. BROUGHTON. Mr. Chairman, we estimate at the beginning of the year about what our requirements will be, and they can be increased or decreased, and other machines can be put on, so that we can increase our production or decrease it as the occasion may require. Recently we have been proceeding on the basis of 136,000,000 sheets for the year by the Secretary's instructions.

The CHAIRMAN. This is for the national bank currency and Federal reserve currency only.

Mr. BROUGHTON. And the United States currency; it is the currency which the Treasury produces; it does not include Federal reserve notes, which are made on a repay basis.

The CHAIRMAN. Have you very much cotton paper on hand?

Mr. BROUGHTON. Not a bit; it has all been issued. We have been receiving this 50 per cent paper since the 1st of March, and prior stock is all used up.

The CHAIRMAN. When will you get back to 100 per cent linen?

Mr. BROUGHTON. I do not know, but probably not until late this calendar year.

The CHAIRMAN. It seems to me you ought to keep those mills running to full capacity in order to get back to the linen paper if the cotton currency does not last as long.

Mr. BROUGHTON. Yes, sir; that is one of our difficulties, and that is one reason why we estimated for 200,000,000 sheets for next year, but you only gave us 150,000,000—because the cotton paper is inferior.

The CHAIRMAN. If we give you this money you will not begin to get deliveries much before the 1st of July.

Mr. BROUGHTON. But we have deliveries coming now.

The CHAIRMAN. I know, but you would have cotton paper if it were not for this linen.

Mr. BROUGHTON. Oh, no; for we have had the 50 per cent linen coming since the 1st of March.

The CHAIRMAN. As I understand, you had your force to take care of the increase of 129,000,000 sheets?

Mr. BROUGHTON. Yes; but you only authorized the bureau to deliver 123,250,000 sheets.

The CHAIRMAN. Assuming, then, that you actually increased the 123,000,000 sheets, you had your force?

Mr. BROUGHTON. Yes.

The CHAIRMAN. What would be the objection to giving you the money with which to buy the linen paper, but leaving that as an accumulation of stock?

Mr. BROUGHTON. Because we need the currency now.

The CHAIRMAN. I do not believe you ought to increase that force.

Mr. BROUGHTON. It will not be increased.

The CHAIRMAN. It will have to be increased.

Mr. BROUGHTON. I beg your pardon.

The CHAIRMAN. And you are asking for the money with which to increase it.

Mr. BROUGHTON. We will not increase the force.

The CHAIRMAN. Then you do not need the money.

Mr. BROUGHTON. On the Secretary's order we have been proceeding, since early in the year, on the 136,000,000 sheets program for the year, and we thought it was possible to do that——

The CHAIRMAN (interposing). And we told you we would not give you the money. When you came for a deficiency we refused to give you that increased force, but if the Secretary has arbitrarily gone ahead and increased that force over and above what Congress provided for——

Mr. BROUGHTON (interposing). Mr. Chairman, he has not increased the force; he has simply authorized the waiving of the apportionment over 12 months.

The CHAIRMAN. But that meant an increase in the force?

Mr. BROUGHTON. No; because we dropped off other work to do this, and the work can be stopped from now until June in order to make good to the end of the year. The Secretary has not incurred a deficiency, but, as he says in his letter:

It has seemed necessary to produce currency for account of the Treasurer of the United States and the Comptroller of the Currency in excess of a monthly pro rata of the total amount authorized, with the result that the present printing program, which my predecessor authorized and which I have thought it advisable to confirm, is at the rate of 136,000,000 delivered sheets for the fiscal year.

We have not taken on one person; we have cut the deliveries of Federal reserve notes and, very fortunately, the deliveries of permanent bonds have been very much less than the estimates.

#### SALARIES OF ALL NECESSARY EMPLOYEES.

The CHAIRMAN. Let us see whether you have not taken on some additional force. For the last fiscal year you had an appropriation of \$2,375,000 for salaries of all necessary employees, and for the fiscal year ending June 30, 1921, you have \$2,569,000, or an increase of about \$190,000 over the former year. A part of that was taken up,

as I recall, in increased wages over 1920. No; that applied only to plate printers and does not apply to these employees at all.

Mr. WILMETH. It applies to all three of the bureau appropriations.

The CHAIRMAN. That had to do with the plate wipers for whom the labor unions demanded an increase and you people fell for it; Mr. Gompers and Mr. Morrison got Congress to fall for it, just as they got you people to fall for it; they ran over the House and put \$330,000 in the bill for the girls who simply clean the plates. In other words, that did not apply to this force.

Mr. WILMETH. In connection with this increase, you have given us 26,000,000 sheets more to do next year than we are doing this year. I may state that skilled plate printers clean plates. Female employees do not do this kind of work.

The CHAIRMAN. For next year?

Mr. WILMETH. Yes.

The CHAIRMAN. But I was talking about the year ending in June, 1920.

Mr. BROUGHTON. I am only speaking of a situation which has developed since the 1st of January, this year.

The CHAIRMAN. We gave you this year \$2,569,000 for salaries, and you say you are not increasing your force by a dollar, although you are asking for \$193,800 additional.

Mr. BROUGHTON. To print 136,000,000 sheets at the bureau instead of 123,250,000 sheets.

The CHAIRMAN. But, as I say, in passing upon that we thought you could get along without that.

Mr. BROUGHTON. But there has been repay work in the bureau—Federal reserve notes and bonds—and that is where it comes in, Mr. Chairman.

Mr. WILMETH. Let me go back just a moment. You have increased the Treasury's authorization to buy distinctive paper from 123,250,000 sheets to 129,000,000 sheets, but the Bureau of Engraving and Printing has no funds with which to print the extra number you have already authorized the Treasury to buy. Now, the Treasury is asking for an additional amount of paper or authority to purchase it, and that will bring the total amount up to 136,000,000 sheets for the year, and the Secretary says he needs that amount of paper in order to supply currency for the country. Now, we have appropriations in the Bureau of Engraving and Printing to do 123,250,000 sheets on the existing price per sheet basis, and it takes the amount of money granted by Congress to print that number of sheets. What the bureau needs now is enough additional appropriation to plate print and deliver the difference between 123,250,000 sheets and 136,000,000 sheets.

The CHAIRMAN. Is any of this repay work?

Mr. WILMETH. No, sir; not a cent of it; it is Treasury's work—legal-tender money, silver certificates, Federal reserve bank notes, and national-bank notes.

Mr. BROUGHTON. Mr. Chairman, when the estimates for this year were submitted the Federal Reserve Board estimated that the requirements for Federal reserve bank notes would be 31,250,000 sheets, and that is included as a part of the 123,000,000 sheets; we have actually delivered to date 43,000,000 sheets—12,000,000 sheets



more than was estimated. Now, we have a reasonable stock, not to amount to anything, and now that we are restoring silver to circulation we find ourselves without any silver certificates.

The CHAIRMAN. Why do you not put the silver dollars in circulation?

Mr. BROUGHTON. The difficulty is they will not stay out; they come right back.

The CHAIRMAN. Out in my part of the country a few years ago we did not see a silver-certificate for \$1.

Mr. BUCHANAN. And you see very few of them in my part of the country.

The CHAIRMAN. The banks would give a man \$10 in silver, and while it made quite a pile, they had to take them, and there really was not very much complaint.

Mr. BROUGHTON. The Treasury is able to keep out about 60,000,000 silver dollars, and that is all.

The CHAIRMAN. Well, it is because the banks pay out the certificates and you furnish the banks the currency. It seems to me that a limited amount of silver could be used.

Mr. BROUGHTON. Silver dollars are available, but they will not circulate. They pile up in the general fund; we can not get rid of the silver dollars except they go out as certificates.

Mr. BUCHANAN. If you did not print the \$1 silver certificates, you would get rid of them.

Mr. BROUGHTON. It seems necessary to print the certificates, and we want to complete the program this year.

The CHAIRMAN. Now, that the war is over and the prices of everything have gone down, are you coming here and asking us to decrease wages?

Mr. BROUGHTON. No.

The CHAIRMAN. Why do you not do so? Every manufacturing concern is doing it, and why can we not get the same kind of quick response, and in a businesslike way, through Government institutions?

Mr. BROUGHTON. I wish we could. The bureau, of course, is limited to 123,000,000 sheets, and we have already received from the bureau 111,000,000; we have the silver program to carry out; we have to carry a circulation about 100,000,000 sheets of \$1 notes alone, which the country demands and demanded before the war.

A good deal of the slack in the currency has already been taken up. You have already appropriated funds for 150,000,000 sheets next year. We can do this work now proposed for this year and the Secretary feels that it is required. He has authorized the waiver of the apportionment and he states the reasons for this in his letter.

The CHAIRMAN. If I understand you correctly now, even if we should give you only \$10,880, and should not increase the limit, you would still have to have some additional money here for salaries of necessary employees, or you would have to lay them off?

Mr. BROUGHTON. Unless you raised the limit.

Mr. WILMETH. We would, because you have already given the Treasury Department the difference in the number of sheets between 123,250,000 and 129,000,000 under the last deficiency. The bureau has the money with which to print 123,250,000 sheets, but no more.

If you do not give us the money we will have to lay off employees in the Bureau of Engraving and Printing.

The CHAIRMAN. How many people?

Mr. WILMETH. I can not tell you how many offhand, but I should say that between now and the 1st of June it would be from 25 to 50 per cent, or during the month of May it would be from 25 to 50 per cent, and during the month of June it would be from 25 to 50 per cent of the force.

The CHAIRMAN. Of the entire force engaged in printing this kind of material?

Mr. WILMETH. If we should deliver only 123,250,000 sheets, for which we have the appropriation now, the balance to be delivered will average 235,529 sheets daily from now until June 30. The Treasury wants 500,000 sheets daily. If we delivered 129,000,000 sheets, for which we have no appropriation for the difference between 123,250,000 and 129,000,000 sheets, we would have to deliver on an average 350,529 sheets per day, as against 500,000 sheets that the Secretary wants. The force in the bureau would have to be reduced in that proportion.

The CHAIRMAN. Would it not be a good thing to commence to lay off some of the force? Is not that about the only way by which you will ever get back to a normal wage?

Mr. WILMETH. Then, how would we be able to print the 150,000,000 sheets authorized and appropriated by Congress for next year if we should cut this trained force off? You have given us appropriations for printing 150,000,000 sheets next year. If you grant the appropriation now requested, we would keep our trained employees; otherwise they will be laid off.

Mr. BROUGHTON. It would be much more practicable to do this now, because we need the currency now. We have nothing in reserve, and the currency is not aged properly. It comes from the bureau and is paid right out. The Secretary has started paying out the silver certificates, and this must be continued as the silver dollars are received and paid into the general fund. We are simply up against it.

The CHAIRMAN. Are the banks making large demands on you for new currency?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. That you are not able to furnish?

Mr. BROUGHTON. Not in the ones and twos.

The CHAIRMAN. How about the large denominations?

Mr. BROUGHTON. That is in better shape, because they are in Federal reserve notes, which is repay work.

The CHAIRMAN. You are not able to launder the present currency at all?

Mr. BROUGHTON. No, sir.

The CHAIRMAN. When it is used for a short time, it must be destroyed?

Mr. BROUGHTON. Yes, sir; this is really urgently needed, because the currency is in bad shape, and we can carry out this program this year.

Mr. WILMETH. I want to add another word, if I may be permitted: The jump from 123,250,000 sheets, which you have authorized to be

printed and delivered this year, to the 150,000,000 to be printed next year, would seem to justify the department's contention that it needs something now to add to the 123,250,000 sheets in order to meet current needs.

The CHAIRMAN. How many people have you now employed on this roll, in connection with this distinctive paper?

Mr. BROUGHTON. Do you mean at the Government mill?

The CHAIRMAN. I am referring now to the salaries for all the necessary employees in the bureau, for which you have an appropriation of \$2,569,000?

Mr. WILMETH. I should say about 4,400 or 4,500.

The CHAIRMAN. Have you increased the force during the year?

Mr. WILMETH. We have decreased our force.

The CHAIRMAN. Are you decreasing that force?

Mr. WILMETH. Yes, sir. During the month of April we decreased it by 143 employees.

The CHAIRMAN. If we gave you this \$193,800, would you increase the force?

Mr. WILMETH. No; I would not put on another person.

The CHAIRMAN. This amount of money is necessary in order to print these sheets and to keep a force not larger than the one you now have?

Mr. WILMETH. We are reducing the number of employees every month, and we will continue to reduce. The bond work is completed at the Bureau of Engraving and Printing, and we are reducing the force. We reduced, as stated, by 143 employees last month.

#### WAGES OF PLATE PRINTERS.

The CHAIRMAN. The next item is for wages of plate printers.

Mr. WILMETH. Those three items of appropriation—salaries of all necessary employees, wages of plate printers, and for engravers' and printers' materials—should be considered together. The three are required to print this amount of sheets.

The CHAIRMAN. That applies to the item for engravers' and printers' materials?

Mr. WILMETH. Yes; it is included the same as the other two.

The CHAIRMAN. These four items go hand in hand?

Mr. WILMETH. No, sir; the first one is under loans and currency. The last three pertain to the bureau.

Congress has already given the difference between 123,250,000 sheets and 129,000,000 sheets. You have already given that, and the Secretary is asking for money enough to buy paper so as to increase the 129,000,000 sheets up to 136,000,000 sheets. The Bureau of Engraving and Printing is asking for enough to cover the difference between the 123,250,000 sheets and 136,000,000 sheets. We have no money with which to print a single sheet of that paper.

The CHAIRMAN. You have money with which to pay the salaries of employees, the wages of plate printers, and to pay for the engravers' and printers' materials for 123,250,000 sheets?

Mr. WILMETH. Yes, sir; and there will be no deficiency on that number of sheets.

Mr. BROUGHTON. We have exceeded the pro rata since the 1st of April.

Mr. WILMETH. We have done that on the authority of the Secretary.

The CHAIRMAN. This estimate was made some time ago, and you will have only one month in which to spend the money you are asking for. I presume if this is reported out, you will let your force remain as it is for the month of May?

Mr. WILMETH. The Secretary would probably permit us to go right ahead.

The CHAIRMAN. For the wages of plate printers you estimate \$44,625. That is simply for the wages of plate printers to do the extra work that you are asking for now in excess of 123,250,000 sheets?

Mr. WILMETH. Yes, sir.

The CHAIRMAN. All of it hinges on the first item?

Mr. WILMETH. Yes, sir. I want to make that clear to you. We can not print all that you have already allowed, because we have no money to print it with, and if you allow any more, we ought to have enough money to include that number of sheets also. Otherwise, we will have to lay off the force.

Mr. BUCHANNAN. The Treasury wants about 6,000,000 more sheets, and you want money for the expense of printing 12,000,000 sheets?

Mr. WILMETH. Yes, sir.

Mr. BUCHANAN. Or the difference between 123,250,000 sheets and 136,000,000 sheets?

Mr. WILMETH. Yes, sir. We are not in any deficiency on account of the 123,250,000 sheets. We will print that number of sheets without any deficiency. This deficiency is on account of 5,750,000 additional sheets you have already allowed and for the 6,000,000 sheets they are asking you to allow in additions.

#### EXPENSES OF LOANS—FOR MODIFICATION OF LIMITATION ON SALARIES.

The CHAIRMAN. You are also asking for some language that will modify the limitation carried in the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1922, with regard to certain employees.

Mr. BROUGHTON. Yes, sir. I suppose the Secretary and Mr. Gilbert covered this item on Saturday. I believe they spoke generally about the necessity for keeping the staff which is at present handling the public-debt operations in the Treasury.

The CHAIRMAN. The legislative act for the fiscal year ending June 30, 1922, contains the following provision:

*Provided*, That this appropriation shall not be available for the payment of personal services in the District of Columbia, except in the offices of the Secretary, the Register of the Treasury, the Division of Loans and Currency, and the Division of Public Debt Accounts and Audit: *Provided further*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except the following: One at not exceeding \$3,500, seven at not exceeding \$3,000 each, twelve at not exceeding \$2,500 each, one at not exceeding \$2,400, two at not exceeding \$2,250 each, fourteen at not exceeding \$2,200 each, twenty-four at not exceeding \$2,000 each.

You are asking for certain modifications of that language?

Mr. BROUGHTON. Yes, sir. The Secretary points out in his letter transmitting these estimates, in House Document No. 52, that there

are now borne on the appropriation of expenses of loans 125 employees, with salaries above \$1,800, and that only 61 employees have been allowed. These employees are executives and other assistants connected with loan and other fiscal operations.

The CHAIRMAN. I suppose the legislative committee went into that when they fixed up this limitation.

Mr. BROUGHTON. The committee put this limitation upon the appropriation, and as I figure it out they took the then existing salary roll of the office of the register and of the Division of Loans and Currency and on that basis they fixed this limitation. Now, there are other people employed in those offices and elsewhere who are not provided for at all. My office was included originally in the House bill, but it went out on a point of order—

The CHAIRMAN. What do you mean by your office?

Mr. BROUGHTON. I mean provision for the office of the Commissioner of the Public Debt. The appropriation "Expenses of loans" was made to apply to the office of the Commissioner of the Public Debt, and a separate item covered the salary of the commissioner, and those two items went out on points of order in the House.

The CHAIRMAN. You are asking for the following provision:

The limitations on the rate of compensation at which persons may be employed under the appropriation "Expenses of loans" as provided by the legislative, executive, and judicial appropriation act approved March 3, 1921, are hereby repealed; and the appropriation for "Expenses of loans" is hereby made available for expenditures in the office of the Commissioner of the Public Debt and for expenditures in the Post Office Department in connection with the distribution, sale, and keeping of accounts of war savings and thrift stamps, as provided in the deficiency appropriation act approved November 4, 1918. The appropriation for "Expenses of loans" contained in section 8 of the first Liberty bond act and in section 10 of the second Liberty bond act, as amended, are hereby made applicable to any operations arising in connection with any public debt issues made subsequently to June 30, 1921, pursuant to the authority contained in the first Liberty bond act or the second Liberty bond act, as amended and supplemented, the provisions of the legislative, executive, and judicial appropriation act approved May 29, 1920, to the contrary notwithstanding: *Provided*, That with respect to operations on account of any such issue hereafter made such appropriations shall be available only until the close of the fiscal year next following the fiscal year in which such issue was made.

That is pretty much Greek to me.

Mr. BROUGHTON. There is a limitation on the salaries payable from the appropriation "Expenses of loans." The salaries paid are limited to certain offices and to a certain number of employees at specified salaries. The Secretary and Mr. Gilbert referred to the existing organization in the Treasury which it seems necessary to be continued and not disrupted. On March 24 there were 125 receiving salaries above \$1,800, and the Secretary asks to have the limitation upon the salaries repealed, so as to continue those people if their services are required.

The CHAIRMAN. This would permit you to employ 60 or 65 more people?

Mr. BROUGHTON. Yes, sir; continue the employment.

The CHAIRMAN. What would the total appropriation amount to?

Mr. BROUGHTON. I have not got that figured out, but I will put that in the record.

NOTE.—The annual salaries of the 125 employees referred to amount to \$336,650. The annual salaries of the 61 employees allowed in the legislative act

for 1922 amount to \$140,200. On this basis 64 employees, with salaries aggregating \$196,450, are not provided for after July 1. But, except for a few specific salaries, no additional appropriation is requested. It is only a question of removing the limitations on appropriations already made.

The CHAIRMAN. Have you a table showing where they will be distributed and their rates of pay?

Mr. BROUGHTON. Yes, sir.

(The table referred to is as follows:)

*Number of persons and their salaries now employed at salaries in excess of \$1,800 per annum, paid from "expenses of loans."*

[This statement does not include the offices of the Treasurer of the United States and the chief clerk, both of which are provided for in the 1922 appropriation. There are employees at not more than \$1,800 per annum in the Division of Bookkeeping and Warrants, Printing and Stationery, and Mails and Files.]

	\$6,000	\$5,400	\$5,000	\$4,500	\$4,000	\$3,600	\$3,500	\$3,000	\$2,500	\$2,400	\$2,250	\$2,200	\$2,100	\$2,000	Total
Loans and Currency.....							1	8	15	2		16		30	72
Register.....								3	5		2			2	12
Commissioner of Public Debt.....	1		1	2	1		1	1	1						8
Secretary.....														1	1
Assistant Secretary Gilbert's office.....	1			2					2			1		2	8
Assistant Secretary Wadsworth's office.....	1		1				2					2			6
Commissioner of Accounts and Deposits.....	1				1				1					1	4
Division of Deposits.....				1				1			2				4
Division of Appointments.....												1		1	2
Division of Public Money.....													1		1
Disbursing clerk.....											1				1
Distribution unit.....						1									1
Savings division.....	1	1				1				1			1		5
Total.....	5	1	2	5	2	2	4	13	24	3	5	20	1	38	125

*Expenses for Treasurer's office—Salaries in excess of \$1,800, Mar. 29, 1921.*

Salary.	Number employed.	Number carried by supplemental estimates submitted.	Net.	Allowed by legislative act of 1922.	Salary.	Number employed.	Number carried by supplemental estimates submitted.	Net.	Allowed by legislative act of 1922.
\$6,000.....	5	3	3		\$2,500.....	24	4	21	12
\$5,400.....	1		1		\$2,400.....	3		3	1
\$5,000.....	2	1	2		\$2,250.....	5		2	2
\$4,500.....	5	2	3		\$2,200.....	20	3	19	14
\$4,000.....	2	1	1		\$2,100.....	1		1	
\$3,600.....	2		2		\$2,000.....	38	5	34	24
\$3,500.....	4	2	4	1					
\$3,000.....	13	1	12	7		125	24	101	61

Mr. BROUGHTON. It is only fair to say that wherever a specific salary is provided, this schedule can be reduced by such provision. You will notice, for instance, the item of \$6,000 for the Commissioner of Accounts and Deposits. If that position is provided for elsewhere, it can be eliminated here.

Mr. BUCHANAN. In other words, if we allow this language on page 47, then the statutory places set out in the bill can be eliminated?

Mr. BROUGHTON. No, sir. Of course, it would work either way, but there are certain statutory salaries estimated for at the present time, and they are included in this statement I have submitted.

Mr. BUCHANAN. Are all of them included in this bill?

Mr. BROUGHTON. Yes, sir; I think so, or those above \$1,800. The use of the appropriation "expenses of loans," as carried by the loan acts, is limited to June 30 of this year. Our estimates and appropriations are based upon the permanent work now on hand. The loan acts have not been repealed, and in the event new issues should be made after July 1, there will not be sufficient money with which to carry them. This is most important. There are certificates outstanding amounting to two and one-half billion dollars, and there certainly must be new certificates issued. I do not know what other operations may occur during the next fiscal year; I do not know whether the Secretary referred to any plans that he may possibly have in mind or not on Saturday, but it is most important that the appropriation carried by the loan acts be not repealed, but that it be made available for new issues.

The CHAIRMAN. Have you a balance in that appropriation, or will you have?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. Then you will have the money?

Mr. BROUGHTON. There is plenty of money, but we can not use it after June 30.

The CHAIRMAN. On page 42 you are asking for positions under the office of Commissioner of Accounts and Deposits aggregating \$18,040, and, as I understand it, if we include this item as it has been drawn and printed on page 47 of this print, it will not be necessary to take into consideration any of those other estimates.

Mr. BROUGHTON. No, sir; these are the people now employed, and these salaries are payable out of "Expenses of loans." After June 30 the lump-sum appropriation of \$3,750,000 for "Expenses of loans" will be available for certain offices. If you provide for a commissioner of public debt, for instance, at \$6,000, then that does not need to be in here.

The CHAIRMAN. But what Mr. Buchanan said a moment ago, and I understood you to assent to it, was that this provision is a blanket provision including all these other provisions that you are asking for specifically.

Mr. BROUGHTON. No, sir; in saying that, I had only this statement in mind. The Treasury believes that the places for what it has asked specifically should be made statutory in any event.

The CHAIRMAN. This statement does not duplicate in any respect any of these specific items included here?

Mr. BROUGHTON. It will not after July 1.

The CHAIRMAN. Because you are only asking for that next year?

Mr. BROUGHTON. Because they are in offices where the appropriation "Expenses of loans" is applicable. For instance, in the case of the Commissioner of the Public Debt at \$6,000, this will not apply.

The CHAIRMAN. If we strike out here the estimate for the office of Commissioner of Accounts and Deposits, \$6,000, and should put in this provision you are asking for on page 47 you would get pay for that position?

Mr. BROUGHTON. Probably not, unless you restored the "Expenses of loans" appropriation in connection with the loan acts.

The CHAIRMAN. This language does not do that?

Mr. BROUGHTON. No, sir; it does it as to new issues.

Mr. BYRNS. Suppose these estimates here for the Commissioner of Accounts and Deposits were allowed as submitted, would you need this language?

Mr. BROUGHTON. Yes, sir. There is an estimate of \$6,000 for a Commissioner of Accounts and Deposits, and that is now paid from the appropriation "Expenses of loans." If allowed it will be dropped out after July 1 so far as the appropriation "Expenses of loans" is concerned. The appropriation "Expenses of loans" is limited to particular offices and may possibly be held not to include that office. If you should word the appropriation "Expenses of loans" so as to include those other offices, then it would apply.

The CHAIRMAN. You are paying these salaries now out of the appropriation for expenses of loans?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. But that appropriation is not available for this purpose after June 30 next?

Mr. BROUGHTON. That is true according to the construction that has been given the limitation on its use.

The CHAIRMAN. You make it available for that purpose next year by this language, and if it is made available by the adoption of this language then it will not be necessary to carry specific appropriations for these places?

Mr. BROUGHTON. It will still be necessary in certain particular offices.

The CHAIRMAN. I was applying it to that one Office of Commissioner of Accounts and Deposits. He is being paid now is he not?

Mr. BROUGHTON. Yes, sir; from the appropriation "Expenses of loans."

The CHAIRMAN. You are asking for this language that is printed on page 47 so that the appropriation for expenses of loans may be made available for that purpose, are you not?

Mr. BROUGHTON. So that it will be available for salaries in the Secretary's office, in the Office of the Commissioner of Public Debt, in the Division of Loans and Currency, in the Register's Office, and in the Division of Public Debt Accounts and Audits—other offices are covered by other estimates.

The CHAIRMAN. But not in any other division?

Mr. BROUGHTON. No, sir.

Mr. BYRNS. If they are being paid out of that sum now, and that authority is extended during the next fiscal year, why could they not continue to be paid in that way?

Mr. BROUGHTON. They could if you should extend the authority, but it is limited now.

Mr. BYRNS. Are you paying them now despite the limitation?

Mr. BROUGHTON. It is limited after July 1; not now.

The CHAIRMAN. You are not changing the law with regard to where these various offices are to be located. They have always been construed to be bureaus under the Secretary's office, and this language as drawn makes the amounts available for expenditure in the bureaus and the Secretary's office.



Mr. BROUGHTON. If you should revive the appropriation for expenses of loans, it would be alright, but if you limit the amount to be expended next year to \$3,750,000, there possibly will not be enough money to pay them.

The CHAIRMAN. I suppose it was the opinion of the subcommittee that went into this matter, as I take it, very thoroughly, that there should be some cut in these forces.

Mr. BROUGHTON. Of course, I speak more particularly for the service with which I am charged, and we might be very much embarrassed if we should have to reduce the force of the higher grades. There are 40 or 50 people, perhaps, who are drawing \$2,000 to \$2,500. We employ two attorneys at \$4,500, on the registered-bond work, but such salaries are exceptional. You will notice that on this list there is no one paid over \$6,000, and there are only a few paid over \$2,500.

Mr. BYRNS. Why would it not have been better to have specifically estimated for the employees that you will need, just as you have for the Commissioner of Accounts and Deposits?

Mr. BROUGHTON. We are making changes in the organization all the time. We are doing the work as economically as possible, and it is better to do this sort of work on a lump-sum appropriation and not make statutory positions until we are on a more permanent basis than we are now.

Mr. BUCHANAN. If we should remove the limitation contained in the legislative bill, or should adopt this paragraph on page 47 of this bill, then you say you could employ about 63 men in addition to those you have now?

Mr. BROUGHTON. Yes, sir; we could continue them.

Mr. BUCHANAN. Is there any limitation on the number that you could employ? Could you not employ 162 under that provision if you wanted to?

Mr. BROUGHTON. Yes, sir; if the limitation were off.

Mr. BUCHANAN. If we enacted this provision you could employ as many as you pleased?

Mr. BROUGHTON. Yes, sir; within the limitations as to the amount available.

Mr. BUCHANAN. You could employ 1,000 if you wanted to and pay them out of the appropriation for expenses of loans.

Mr. BROUGHTON. As long as we had the money.

Mr. BUCHANAN. Do you think it would be good legislation for us to say that the Treasury officials shall have authority to employ as many people as they please, and pay them out of the appropriation for expenses of loans? I do not mean to insinuate that you would do it, but there might be a man there some time who would do it.

Mr. BROUGHTON. You can take our record—

Mr. BUCHANAN (interposing). I am not casting any reflections upon your record, or intimating that you would do such a thing, but the legislative branch of the Government ought to be careful in the expenditure of public funds and not leave it entirely to the discretion of the department.

Mr. BROUGHTON. Suppose you follow the budget bill in this matter, and place a limit but allow some discretion, or suppose you raise the limit so as to give us a little more leeway than we will now have

after July 1. Suppose you make the limit what, in your judgment, you deem proper.

Mr. BUCHANAN. But you are asking us to repeal that provision in the legislative bill, leaving the department free to employ as many persons as you please, so long as the money lasts. Certainly you would not expect us to do that, and have no limitation at all. In other words, you should permit a statement of what you need, and let us know what you must have.

Mr. BROUGHTON. I have submitted a statement which shows the situation to-day. If this were allowed, then you could deduct some of the statutory positions over \$1,800 which are now carried on "Expenses of loans"—

Mr. BUCHANAN. That would be about three or four positions back here. In the Office of the Commissioner of Accounts and Deposits it would amount to \$18,040, and in the Division of Deposits it would amount to \$19,710. I do not know whether it would include the Assistant Secretary or not.

Mr. BROUGHTON. It would not include the Assistant Secretary, but might cover some of the employees in his office. There were 125 people on March 27, and 18 of them are estimated for, leaving 107.

The CHAIRMAN. You asked for expenses of loans and currency, \$7,250,000?

Mr. BROUGHTON. Yes, sir.

The CHAIRMAN. The committee reported out the bill for that amount, and on the floor of the House they struck out the item for reimbursement of the Federal reserve agency for the fiscal year, \$3,500,000. That did not affect your force?

Mr. BROUGHTON. Not at all.

The CHAIRMAN. You have exactly what you asked for?

Mr. BROUGHTON. Yes, sir; in respect to the amount.

The CHAIRMAN. Have you taken into account whether or not if we give you this, by enlarging the language so as to give you some leeway, you will have money enough?

Mr. BROUGHTON. I can not tell you, for this reason. I do not know how it happened, but in connection with the statutory roll for loans and currency the committee cut out 173 positions which we had estimated for, and we are about \$200,000 shy which we will have to make up through economy in some way. If it were not for that, I would say yes. I will undertake it and do the best I can and come back to you later if I can not make it go. Moreover, the estimate submitted, which was granted covered only certain officers; it was not intended to cover all the services now charged to expenses of loans.

The CHAIRMAN. Please figure out just how far that will go and how much leeway you will have?

Mr. BROUGHTON. You have allocated \$50,000 to the chief clerk and it seems necessary to allocate something to the Post Office Department, \$50,000, \$100,000; all of those little chunks are eating up the \$3,750,000. I will see how far it will go, and insert a statement.

Pursuant to instructions given by Congress, the Treasury submitted estimates for 1922 to cover permanent increased work caused by new activities assumed by the Treasury Department on account of the war. An estimate was submitted for a lump-sum appropriation, "Expenses of loans," and it was intended that such appropriation should be restricted in its application to what may be termed the public-debt service, but including such positions in the Secre-

tary's office and in the Office of the Fiscal Assistant Secretary as might be necessary; otherwise it included the Office of the Commissioner of the Public Debt, the Office of the Register of the Treasury, the Division of Loans and Currency, and the Division of Public Debt Accounts and Audit. The amount requested was granted by Congress, but certain restrictions on its application were imposed. It was not intended to cover services other than indicated above. Other estimates submitted were in part granted.

At the time of submitting the estimates the department found 173 statutory positions in the Division of Loans and Currency in the lower grades were unavailable, being vacant and it not being possible to fill them, and in submitting such estimates it requested that somewhat higher salaries be granted in lieu of the unavailable salaries; it being proposed that transfers from the same grades would be made from lump sum. Congress dropped out the positions and made no corresponding provision on lump sum; accordingly, the Division of Loans and Currency is short about \$225,000 of its estimated salary requirements. Congress further allocated \$50,000 of the lump sum to the chief clerk. The supplemental estimates before your committee amount to approximately \$200,000.

The failure of appropriation for "Expenses of war savings" has caused the Secretary to reach the determination to curtail the organization after July 1, and for the balance of the calendar year he proposes to charge the lump-sum appropriation "Expense of loans" with such amounts as may actually be necessary to continue the program announced to the end of the year. It may be necessary to allocate an amount to the Post Office Department. I doubt if it will be possible, with the lump-sum appropriation of \$3,750,000, to absorb the additional estimates submitted for the fiscal year 1922, amounting to approximately \$200,000.

As regards salary restrictions, no additional appropriation is necessary. Of the 125 positions above \$1,800 referred to, 61 are allowed in the legislative act for 1922; estimates submitted cover 24 additional, leaving 40 unprovided for. A raising of the limit to \$6,000 will cover the situation, and a modification of the language requested by the Secretary in this respect may be made. The department has no intention of increasing its force or advancing salaries, but it feels very keenly it should not now be deprived of its executive and advisory organization. If the committee feels any restriction is necessary on salaries payable, it is most earnestly urged that the restriction be imposed in such manner as not to disrupt the existing organization on July 1. The situation is by no means routine, and the importance of the existing organization is not to be underestimated. The details of the situation are set forth below, and as before stated no additional appropriation is requested.

It was the undoubted intention of Congress to declare unavailable after June 30 next the appropriations for "Expenses of loans" set up under the several loan acts on a percentage basis computed on the amount of issues made. The language, however, is not clear and it may be interpreted as a repeal of the percentage allowance for expenses of new issues. New issues certainly will be made during the coming fiscal year. The Secretary in his recent letter to Chairman Fordney in a general way announced a new program. In submitting its estimates for the next fiscal year the department has taken into account no new activities. If certificates are issued or notes are issued—and they will be issued—it is quite necessary that the expenses of their preparation, distribution, and exchange be provided for by the usual percentage allowance. The language suggested by the Secretary will accomplish this result. Your attention is invited to the fact that it is apparently the intention of Congress to limit the application of any such lump-sum appropriations; accordingly, the department has suggested that a limitation be imposed making such appropriations elected available only until the close of the following fiscal year. This will give the department opportunity to present estimates if additional permanent work is caused and will permit consideration thereof by Congress with respect to any appropriation that should be granted.

#### SUPPLEMENTAL STATEMENT.

For the convenience of the committee, the following is presented:

The legislative appropriation act for 1921, approved May 29, 1920, contains the following provision:

"The appropriations 'Expenses of loans, act of April 24, 1917,' and 'Expenses of loans, act of September 24, 1917, as amended,' shall not be available for obli-

gations after June 30, 1921, and the unexpended balances of such appropriations that remain upon the books of the Treasury Department on June 30, 1922, shall be covered into the Treasury and carried to the surplus fund: *Provided*, That for the fiscal year 1922 and annually thereafter estimates of appropriations shall be submitted to Congress in the manner prescribed by law for expenses arising in connection with the loans authorized by the various Liberty bond acts and the Victory Liberty loan act."

Pursuant to such directions, the department submitted estimates for the permanent services heretofore carried as charges against the loan appropriations. Certain of the estimates submitted were not granted, but a new lump-sum appropriation, "Expenses of loans," was established, the legislative appropriation act for 1922, approved March 3, 1921, providing—

"For all necessary expenses, including rent, connected with any operations under the first Liberty bond act, the second Liberty bond act (except section 12), the third Liberty bond act, the fourth Liberty bond act, the supplement to second Liberty bond act, and the Victory loan act, or connected with any operations in connection with other public debt issues or United States paper currency issues, with which the Secretary is charged, to be expended as the Secretary of the Treasury may direct, \$3,750,000: *Provided*, That this appropriation shall not be available for the payment of personal services in the District of Columbia, except in the Office of the Secretary,<sup>1</sup> the Register of the Treasury, the Division of Loans and Currency, and the Division of Public Debt Accounts and Audit: *Provided further*, That no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum except the following: One, at not exceeding \$3,500; 7, at not exceeding \$3,000; 12, at not exceeding \$2,500; 1, at not exceeding \$2,400; 2, at not exceeding \$2,250; 14, at not exceeding \$2,200; 24, at not exceeding \$2,000."

The resulting situation is set forth by the Secretary in his letters of April 21 and 22, 1921, contained in House documents Nos. 38 and 52, Sixty-seventh Congress, first session.

The Secretary has submitted certain additional estimates, which he covered before your committee on Saturday. He also requests modification of salary limitations and reenactment of appropriation carried by the loan acts in so far as it may relate to new issues.

In his letter of April 22 the Secretary says:

"No provision has been made in the appropriation for the next fiscal year for expenses in connection with future public-debt issues. With almost \$2,500,000,000 of floating debt outstanding it is wholly unlikely that further public-debt issues under the Liberty bond acts, at least of certificates of indebtedness from time to time, can be avoided in the next fiscal year. It is, therefore, imperatively necessary that provision be made to permit these public-debt issues without embarrassment to the Treasury. The modification of the limitations on the appropriation 'Expenses of loans,' is also urgently requested. It is asked first, that there be an amendment of the limitation which restricts the use of the appropriation to certain designated offices of the department. The other prohibits the use of the appropriation for the employment of persons at salaries in excess of \$1,800 per annum, except that 61 persons may be so employed at salaries ranging from \$2,000 to \$3,500 per annum. There are now on the rolls borne by the appropriations for these purposes for the current fiscal year 125 employees with salaries ranging from \$2,000 to \$6,000 per annum. The effect of the limitations referred to would be to reduce this highly trained executive and supervisory force by 64 employees, with salary reductions for the remaining 61 employees to the grades within the limitations of \$2,000 to \$3,500 prescribed. The result would be virtually to wreck the present fiscal machinery of the Treasury."

The table heretofore presented in the hearings, shows the distribution of the 125 positions referred to by the Secretary. The legislative act for 1922 provides for 61 of the positions. The supplemental estimates submitted, if granted, will provide for 18 additional. The lump sum requested for salaries and expenses of foreign loans, \$50,000, if granted, will cover six additional. Accordingly, there remain 40 positions for which provision should be made with-out additional appropriation, salaries to be payable from "Expenses of loans."

In tabular form this is the situation regarding salaries in excess of \$1,800 now paid from "Expenses of loans."

<sup>1</sup> The House bill originally included the office of the commissioner of the public debt, but was stricken out on point of order.

Salary.	Now paid from expenses of loans.	Allowed in legislative act for 1922.	Covered by supplemental estimates.	Unprovided for.
\$6,000.....	5	.....	3	2
\$5,400.....	1	.....	.....	1
\$5,000.....	2	.....	1	1
\$4,500.....	5	.....	2	3
\$4,000.....	2	.....	1	1
\$3,800.....	2	.....	.....	2
\$3,500.....	4	1	2	1
\$3,000.....	13	7	1	5
\$2,500.....	24	12	4	8
\$2,400.....	3	1	.....	2
\$2,250.....	5	2	2	1
\$2,200.....	20	14	3	3
\$2,100.....	1	.....	.....	1
\$2,000.....	38	24	5	9
Total.....	125	61	24	40
Total annual salaries.....	\$336,650	\$140,200	\$77,100	\$119,300

It is expected some cut from this may be made through reductions contemplated in Savings Division, but this is not yet finally determined.

MONDAY, MAY 2, 1921.

#### OFFICE OF COMPTROLLER OF THE CURRENCY.

#### STATEMENTS OF MR. D. R. CRISSINGER, COMPTROLLER OF THE CURRENCY, ACCOMPANIED BY MR. JOHN G. HERNDON, MR. A. D. CUTTS, AND MR. H. B. DAVENPORT.

##### INCREASES IN SALARIES.

The CHAIRMAN. Mr. Crissinger, you are asking that, in addition to the force provided for your office, the deficiency bill carry additional appropriations for the next fiscal year; that one deputy comptroller's salary be increased from \$3,500 to \$6,000; one from \$3,000 to \$5,000; that the chief clerk's salary be increased from \$2,500 to \$3,500; and that the salary of one chief of division be increased from \$2,500 to \$2,750, two from \$2,200 to \$2,750 each; general bookkeeper, from \$2,000 to \$2,500; assistant bookkeeper, from \$2,000 to \$2,250; multigraph operator, from \$1,000 to \$1,400; and messenger, from \$420 to \$480.

Mr. CRISSINGER. These men are doing a very great service and are probably very much underpaid. These salaries were fixed a good many years ago.

The CHAIRMAN. The salary carried in the legislative, executive, and judicial bill for these positions for the next fiscal year are the same salaries that they have been receiving during the past year?

Mr. CRISSINGER. I think so. These men have all been underpaid, as I view it, from the amount of work they had to do.

The CHAIRMAN. Mr. Crissinger, I assume these matters were all gone into at the hearings last fall by the other subcommittee?

Mr. CRISSINGER. I really do not know as to that.

Mr. HERNDON. Yes, sir.

The CHAIRMAN. Were estimates then made for increases in the salaries as asked for here?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. And you had hearings on that?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. I assume the same arguments that were made then apply now?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. Have you anything additional to state with regard to that? We have, of course, the printed hearings available?

Mr. CRISSINGER. I do not know of anything further except that I realize these men are not being paid enough for their services.

Mr. SLEMP. Do you know about the salaries of men in other offices of the Government whose duties could be compared with the duties of these deputy comptrollers, so that we could get a line on the situation?

Mr. CRISSINGER. Personally, to be very frank, I do not know of the salaries in any other offices. I have not looked into them.

Mr. SLEMP. Do you know when the salary was fixed for this deputy comptroller at \$3,500?

Mr. CUTTS. That was fixed by the act of February 3, 1905, when the salary was increased to \$3,500.

Mr. BUCHANAN. From what?

Mr. CUTTS. Three thousand dollars.

Mr. SLEMP. What about the one you propose to increase from \$3,000?

Mr. CUTTS. The salary for that position has been the same since the act of May 22, 1908, when the position was created.

Mr. SLEMP. What about the chief clerk?

Mr. CUTTS. Those salaries have been the same for years and years, practically ever since the bureau was established.

Mr. SLEMP. How does the salary of the chief clerk of this department compare with the salary of the chief clerks of other departments or bureaus; have you any data on that?

Mr. BUCHANAN. It is about the same. Those salaries range from \$2,250 up, according to the best of my recollection.

Mr. CUTTS. Yes. I think you will find the salaries of chief clerks throughout the Government service range from \$2,500 up. There may be some small bureaus where they pay only \$2,250.

Mr. SLEMP. Does the chief clerk get the bonus in addition to the \$2,500?

Mr. HERNDON. Yes, sir; the bonus of \$240.

Mr. SLEMP. Then the \$2,500 man would really be getting, with the bonus, \$2,740, and therefore there would not be much difference in making this change except that the bonus might be taken off?

Mr. CRISSINGER. Yes.

Mr. SLEMP. Mr. Crissinger, you have already inaugurated some changes down there in your department involving a saving to the Government, have you not?

Mr. CRISSINGER. Yes, sir.

Mr. SLEMP. Have you gone far enough to justify your making a statement to the committee about that, or is it simply in a formative state now?

Mr. CRISSINGER. It is now in a formative state. There is one matter, of course, which will have to be acted upon by Congress, and that is with reference to the uniform bank note which would have to be passed upon and authorized by Congress. It is estimated that would save from \$500,000 to \$1,000,000 a year, if it could be done.

Mr. SLEMP. I had reference to the personnel.

Mr. CRISSINGER. We are reorganizing the department as fast as we can, but I do not know what that is going to save. I have only been here six weeks. Of course, you understand that we will lose on the 1st of July 56 of our clerks.

Mr. BUCHANAN. That is under the operation of the legislative bill.

Mr. CRISSINGER. We have them borrowed from the other departments now, and we have not any appropriation to continue their services, and we have not very good clerks at that. We have what is left, you know.

Mr. SLEMP. You are not asking for any additional clerical assistance?

Mr. CRISSINGER. We want to have the appropriation so we can hire our own clerks in place of these 56 clerks.

Mr. SLEMP. On the next page you have an item covering that.

Mr. CRISSINGER. Yes; we have 56 borrowed clerks and we are cutting it down to 29.

Mr. BUCHANAN. Mr. Crissinger, before you take up the item on the next page, and referring to this item here that we have just been talking about, this matter of increased salaries was submitted to the Legislative Committee, and under our organization all questions relating to that personnel are handled by that committee. This is the deficiency committee. If the Legislative Committee reviewed it and refused it, it would be very bad taste for us, a coordinate committee, with only equal jurisdiction and of equal standing, to override them.

Mr. CRISSINGER. Of course, I do not know what your methods are.

Mr. BUCHANAN. Therefore, I take it, understanding our organization, your remedy is before the Legislative Committee on purely these increases of salary. That would simply be my view of it. I do not know what the view of the chairman or Mr. Byrns or Mr. Slemp would be.

The CHAIRMAN. After the legislative bill passed the House eliminating these increases, do you know whether or not the Office of the Comptroller took the matter up with the Senate committee?

Mr. HERNDON. I appeared before the Senate committee, but nothing was done further than to ask for the detail of a national bank examiner as chief of the Examining Division. We lost the chief of that division when this national bank examiner was given us, and at the end of this year we will have no chief of that division unless authority is given us to assign as chief a national bank examiner or another chief of division is given us.

Mr. BUCHANAN. Did you submit to the Senate committee the proposition of increasing these salaries?

Mr. HERNDON. They just went in in writing: no argument was made at all.

## ADDITIONAL EMPLOYEES.

The CHAIRMAN. You are asking for additional employees during the fiscal year 1922 at annual rates of compensation as follows: Four assistant chiefs of divisions, at \$2,250 each; clerks—4 at \$2,000 each, 4 at \$1,800 each, 4 at \$1,600 each, 5 at \$1,400 each; clerk-counters—2 at \$1,400 each, 4 at \$1,200 each; 2 messengers, at \$840 each; in all, \$46,880. Were these the positions that were eliminated from your estimates by the other committee?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. You now have the positions that are carried in the act for next year and these positions that you are now estimating for in addition.

Mr. HERNDON. We want those.

The CHAIRMAN. Do you have them?

Mr. HERNDON. No; we have none at all. We have detailed to us 56 people from other bureaus.

## NUMBER OF EMPLOYEES.

The CHAIRMAN. How many employees have you all told?

Mr. HERNDON. We have 124 on the regular rolls and we are asking for 29 additional, and on the reimbursable roll we have 69 and we are asking for 13 additional.

The CHAIRMAN. The 124 are statutory positions?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. Then you have 56 details?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. In all 180 employees?

Mr. HERNDON. I have not added it in that way. We have asked for 235 in all. We have at the present time on the regular roll 124 and we are asking for 29 additional, which would make 153; on the reimbursable roll we have 69 and we are asking for 13 additional, which would make 82, and 82 and 153 make 235.

The CHAIRMAN. How many does the legislative bill carry on the reimbursable roll?

Mr. HERNDON. It carries 69.

The CHAIRMAN. And you are asking for 82?

Mr. HERNDON. We are asking for 13 more on the reimbursable roll; we have 69 and we are asking for 13 additional, making 82 in all; on the regular roll we have 124 and we are asking for 29 additional, making 153. We have two rolls, as you understand.

The CHAIRMAN. I understand that.

Mr. SLEMP. Forty-two is the total increase?

Mr. HERNDON. Yes; that we are asking for.

Mr. SLEMP. And the 42 would average a little over \$1,000 each?

Mr. HERNDON. That is about right: yes, sir.

Mr. CUTTS. The \$46,000 is for the regular roll, and the total for both rolls is something like \$59,000, I think.

Mr. CRISSINGER. That would mean a saving of 14 people over what we have now, only we get them from other departments and we need our own employees.

Mr. CUTTS. One of the most important points is that these other offices are not going to let us have their very best clerks on detail; the people who come to us by detail are the very low salaried peo-



ple and we have to rely on those people in numerous instances to do work that they are really not qualified to do.

Mr. SLEMP. The general supposition has been that the new Comptroller of the Currency would not be sending out quite as many requests for reports.

Mr. CRISSINGER. That is true, but when I came here I found that we were shy 1,771 examinations, and we are going to need more people to take them up.

Mr. SLEMP. Are you going to minimize the number of reports that are asked for?

Mr. CRISSINGER. The law requires us to take five, you know, and, as I say, we are shy this last year 1,771 examinations. If these examinations had all been in—which, of course, the banks pay for—the office force would not have been able to take care of them at all. I am eliminating everything I can of a useless nature out of these examinations, as well as reports; I expect to get that down to the minimum and only get the useful and necessary information. But at that, if we get all the examinations in, you can see that they will very materially increase the work, and we will have to have the help to get it out.

#### EXAMINATION OF BANKS.

Mr. SLEMP. How many examinations do you make a year?

Mr. CRISSINGER. Two of each bank, and there are 8,145 banks.

Mr. SLEMP. That would make about 17,000?

Mr. CRISSINGER. Yes.

Mr. SLEMP. Then you are about 10 per cent behind, having gotten through with 90 per cent last year.

Mr. CRISSINGER. Well, I suspect we are just about 10 per cent behind on last year.

Mr. DAVENPORT. You must distinguish between the reports of the banks themselves and the reports of examiners. The 1,771 short refers to a shortage on two examinations a year on some 8,162 banks.

Mr. SLEMP. I say, you are about 10 per cent shy.

Mr. DAVENPORT. Yes. But this also must be borne in mind: That conditions in the banks for the last few months have been growing gradually worse, and it requires more time for the examiners to make their examinations, and considerably more time for the examination division to analyze the reports and to properly handle the reports.

Mr. SLEMP. Since when did you begin to run behind your schedule on examinations?

Mr. DAVENPORT. This last year; the 1,771 short has to do with the previous year, while in the year 1919 the shortage was 1,436. There were more examinations made in 1920 than in 1919, but there were more special examinations made in 1920 than in 1919 and not as many regular ones.

Mr. SLEMP. Without this additional force where would you stand in regard to the examination of banks? What would your deficit be next year?

Mr. DAVENPORT. Speaking for the Examining Division, the Examining Division is carrying all the load that it can carry—that is,

if there are any more banks examined than were examined last year we will be unable to handle the work; in fact, we have not enough high-class help to handle the work which we have to do now.

Mr. CRISSINGER. And this work is very important now on account of conditions in general.

Mr. SLEMP. But this gives you some high-class men, does it not?

Mr. CRISSINGER. Yes; and it takes a high class of men.

Mr. DAVENPORT. When I said high class I meant to distinguish from \$1,000 people. A provision in the bill for the fiscal year ending 1920 and also ending 1921 authorized the comptroller to assign an examiner as chief of the Examining Division, but that provision is left out of the bill for this year and will leave the Examining Division without a chief unless authority is given to the comptroller to assign an examiner. I am assigned to the division, I presume, until July 1.

Mr. CRISSINGER. I think you gentlemen will recognize that this is going to be the hardest year that the national bank system has ever gone through, and it is going to take a lot of painstaking work to help that situation.

The CHAIRMAN. The number of national banks has not very largely increased in the last five years, has it?

Mr. CUTTS. There has been an increase of 210 during the past year.

The CHAIRMAN. That is a comparatively small increase. You had for this service in the fiscal year 1915 \$142,000 and next year you have \$168,000. Then you have, of course, the bonus in addition for those lower positions.

Mr. DAVENPORT. Speaking of examinations, in some cases we have had examiners stay at a bank from one to two months in order to do everything possible to save the bank from failure and get somebody to come across and save the bank. Of course, that will have a tendency to make fewer examinations, but when those reports come in they are voluminous and they require very careful handling. There are about twice as many banks in a bad situation as compared to a year or so ago.

The CHAIRMAN. It seems to me this is a matter that you ought to take up with the Senate. If the House injured the service it did something which it should not have done, and it is something I do not think a majority of the Members will want to do. Now, if we cut too low, then it was a thing which you should have taken up with the Senate; you should have taken it up in person, thrashed it out with them, and endeavored to have them take a little time to do things that are real and substantial. The way this matter is presented I am required to ask my coworkers to overturn what another subcommittee of this committee did, when that work should have been reviewed by the other branch, which is the intention under our theory of government. If we fail to do what you want you will have another opportunity, when this bill goes over there, to present the matter to them. For us to do a thing one day and then upset it the next will result in a reflection on the committee, and it is work that the Senate ought to do.

Mr. CUTTS. I had the pleasure of appearing before the House committee on this appropriation bill and at that time I think I called attention to the fact that it probably would be advisable for one or

two members to make a little investigation of our office, but I do not think it had any effect. Of course, if everybody came here and invited you to make an investigation you would not be able to do it.

The CHAIRMAN. You are the first one I have ever heard say it was a pleasure to come before this committee.

Mr. CUTTS. I consider it a pleasure because it is in reality in the interest of the office.

Mr. SLEMP. I would like to get in the record what your situation is going to be, as near as you can estimate it, in regard to the examination of banks at the end of the next fiscal year if this additional number of men is not given. If you are 10 per cent shy with a force that is larger than you are going to have next year what will the result be at the end of next year, or will you find it possible to shove your work around and get a little more efficient cooperation, as is often done in the industries of the country?

Mr. CRISSINGER. I invite you to see our department working; we have no loafers in this department; they are workers. In connection with the examining force, I am putting on at least 20 more examiners in order to make up the deficiency in examinations. That, of course, is paid for by the banks, but that work will all come into these divisions to take care of, and if we do not get this help to replace these people that are going to be taken away from us there will be no annual report this next year, because we can not get the work out; that is all there is to it; it will be impossible for these people to do that work.

The CHAIRMAN. That is, your reimbursable roll?

Mr. CRISSINGER. Well, whatever roll it is.

Mr. CUTTS. No; that is the regular roll.

Mr. CRISSINGER. I refer to the reports that come in and that have to be handled by the force in the department.

Mr. CUTTS. Our reimbursable roll is to-day handling all mutilated notes and the redemption of the notes; that is all.

Mr. SLEMP. The point is that you are going to have these 17,000 different reports from the different banks of the United States, and you do not have enough office force to audit them, draw conclusions from them, and summarize the data, as well as to check up the condition of the banks as disclosed by these various examinations.

Mr. CRISSINGER. That is precisely the situation.

Mr. DAVENPORT. These reports of examinations cover about 18 pages; they require attention; and when they are not correct the examining division initiates letters of criticism based on the reports, and we handle all the correspondence. If we have 1,700 or 1,800 more reports to handle with conditions as they are—which are worse than last year—it will simply be impossible for us to handle them.

Mr. BUCHANAN. How many of those 1,700 reports are special reports that you do not have to make under the law?

Mr. DAVENPORT. None.

Mr. BUCHANAN. I understood you to say that in 1920 more examinations were made than were made in the previous year, but that they were special examinations.

Mr. DAVENPORT. A great many of them; I said there were more examinations made in 1920 than in 1919, because there were so many special examinations necessary.

Mr. BUCHANAN. Is that one reason the department got behind—because there were so many special examinations?

Mr. DAVENPORT. So many bad situations; and that condition exists to-day even worse than in 1920.

Mr. BUCHANAN. Do you think you will have to have more special examinations this year than in 1920?

Mr. DAVENPORT. Yes.

Mr. BUCHANAN. That is within the discretion of the comptroller when he finds a bad condition?

Mr. DAVENPORT. The examiner will report to the comptroller the condition he finds, and the comptroller will instruct him to stay there until he straightens it out, if it can possibly be done, the idea being to keep the banks going and prevent them from failing. As I have said, the present bill does not give the comptroller authority to assign an examiner as chief of the Examining Division, and that will leave us one chief of division short on July 1.

FOR EXPENSES OF FEDERAL RESERVE AND NATIONAL CURRENCY—INCREASES  
IN SALARIES—ADDITIONAL EMPLOYEES.

The CHAIRMAN. For expenses of Federal reserve and national currency you are asking for certain increases in salaries on the reimbursable roll, the increases aggregating \$880. What is the necessity for that as a deficiency?

Mr. CRISSINGER. Well, I presume that would come under the same head as the other items.

The CHAIRMAN. I presume the same argument you made before the committee applies here with equal force.

Mr. CRISSINGER. Yes.

The CHAIRMAN. What about the additional employees you are asking to have placed on the reimbursable roll? You are asking for three clerk-counters at \$1,400 each, three at \$1,200 each, and seven at \$1,000 each. Are you behind in that work?

Mr. CRISSINGER. Well, we have men detailed from other departments doing that work.

The CHAIRMAN. How many have you on the reimbursable roll?

Mr. HERNDON. They are not on the reimbursable roll, most of those being from the Treasurer's office.

The CHAIRMAN. How many have you on your regular statutory roll?

Mr. HERNDON. We have 69.

The CHAIRMAN. How many detailed?

Mr. HERNDON. The majority of these people are working either in the Redemption Division or in connection with the shipment of new currency or the bookkeeping in connection with it; I mean the majority of these 56 people.

The CHAIRMAN. That is, 56 in addition to the 69?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. Fifty-six details?

Mr. HERNDON. Yes. But, as I say, they are not all working there, because we have to put them wherever it is necessary; but the majority of them are working either in the Redemption Division, the Issue Division or in the Bookkeeping Division.

The CHAIRMAN. How badly do you need these new places?

Mr. HERNDON. We need them just as badly as possible; we need every one we have asked for, the 13 additional places.

The CHAIRMAN. Are you very much behind the demands of the banks with regard to the national currency?

Mr. HERNDON. We receive unfit money from 1,700 or 1,800 banks each day.

The CHAIRMAN. How far behind are you in filling the orders?

Mr. HERNDON. We are trying to ship about \$5,000,000 each day in order to catch up.

The CHAIRMAN. That would hardly tell me. About how far behind are you in furnishing the currency?

Mr. HERNDON. We have had a recent count of the vault and, of course, the shipments had to cease during that time, and that has thrown us about three weeks behind in the shipments of currency.

The CHAIRMAN. Are you getting many complaints from the national banks?

Mr. HERNDON. A very great many; we are getting letters by the dozens and dozens.

The CHAIRMAN. As I understand it, all the expense is met by the banks?

Mr. HERNDON. Yes, sir.

The CHAIRMAN. Is there any objection on the part of the banks with regard to their assessments?

Mr. HERNDON. No; we have never heard any complaints at all.

The CHAIRMAN. As long as the banks are paying for it, and are willing to pay for it, they ought to have the currency shipped promptly.

Mr. CUTTS. You see, every day of delay means a loss of money to them, and we get telegram after telegram every day about currency not being shipped.

Mr. HERNDON. We have had some pretty sharp letters from the Secretary of the Treasury in regard to getting this currency out more promptly, but we have advised him that it was impossible to do so unless additional help were furnished, and he has obtained these counters and clerks for us to assist in this work, 56 in number at the present time, and we should have more than that.

Mr. CRISSINGER. From 2,000 to 3,000 packages of new money are put up each day.

#### CHIEF OF EXAMINING DIVISIONS.

The CHAIRMAN. Is there anything else you desire to say, Mr. Crissinger?

Mr. CRISSINGER. I do not think of anything further. I believe you have before you the fact that we are going to be shy a chief on the 1st of July.

The CHAIRMAN. That is in the first item.

Mr. CUTTS. Yes, sir.

The CHAIRMAN. Was that request made before?

Mr. DAVENPORT. The request was made, but the House committee omitted this provision.

The CHAIRMAN. You are not asking for a chief now, but you are asking for four assistant chiefs.

Mr. HERNDON. That has nothing to do with this; that is a different matter.

Mr. CUTTS. Mr. Davenport refers to the authority necessary to designate an examiner as chief of our examining division.

Mr. HERNDON. It does not cost the Government one penny, because it is paid for by the national banks.

Mr. CRISSINGER. That was omitted last year for some reason.

The CHAIRMAN. Then that is a reimbursable item?

Mr. DAVENPORT. In other words, the salary which I receive is paid out of the fund, salaries and expenses of national bank examiners, which expenses are assessed against the banks.

The CHAIRMAN. You have such a chief now, but there is no appropriation for a chief next year.

Mr. DAVENPORT. That is the idea; there will be no chief from July 1 unless some action is taken, because the authority expires June 30.

Mr. CUTTS. It really is not an appropriation; it is simply authority to designate an examiner. It does not state any salary, and the comptroller may use his own discretion.

Mr. CRISSINGER. I have no power to appoint one and get a voucher through, and the idea is to give me authority to appoint an examiner as chief of the Examining Division.

The CHAIRMAN. You have always had that position?

Mr. DAVENPORT. We have always had the position of Chief of the Examining Division, yes, sir; but that was omitted from the bill, and what we desire is authority which will permit the comptroller to designate an examiner as Chief of the Examining Division.

The CHAIRMAN. What is the salary of that position?

Mr. DAVENPORT. It is whatever the comptroller determines it shall be.

The CHAIRMAN. How much is it at present?

Mr. DAVENPORT. \$3,500.

The CHAIRMAN. And that is paid by the national banks?

Mr. DAVENPORT. Yes, sir; it is paid out of the fund "Salaries and expenses of national-bank examiners," and the banks are assessed so much to meet those expenses.

Mr. CRISSINGER. May I ask you a question? Would the matter of the employees to take the places of the detail properly come before this committee?

The CHAIRMAN. You are not asking for them, are you?

Mr. CRISSINGER. Yes; for employees to take the places of all the details.

Mr. HERNDON. We would not need any details if you give us the places for which we are asking.

Mr. CRISSINGER. You see, the details are to be taken away from us and we can not get them back.

The CHAIRMAN. What are they going to do with them?

Mr. CRISSINGER. They came over the other day and wanted them in the worst way, but we could not give them up, these money-counters.

Mr. HERNDON. The majority will be dropped from the rolls on the 1st of July because they have not been provided for in the next appropriation.

Mr. CUTTS. That is how we happen to have them. You see, many of these people are dropped from the appropriation bill and they let us have them in order to help fill out until the 1st of July.

Mr. CRISSINGER. I would like to know where we are, so that if we are not going to get them here we can go somewhere else.

Mr. SLEMP. You stated a while ago that you thought the condition of the banks required a little more intensive study in the next few months than had been the case in the past. In what way is that required in your department?

Mr. CRISSINGER. There is a lot of very bad paper and a lot of very slow paper. There are a lot of things that we have to be very careful about in considering the question of whether or not the bank should be put on a special list.

Mr. SLEMP. Involving the whole policy of liquidation, frozen credits, etc.?

Mr. CRISSINGER. Yes, sir; the whole thing.

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MONDAY, MAY 2, 1921.

BUREAU OF WAR RISK INSURANCE.

**STATEMENTS OF MR. EWING LAPORTE, ASSISTANT SECRETARY OF THE TREASURY; MR. R. H. HALLETT, ASSISTANT DIRECTOR, AND MR. H. W. BREINING, ACTING ASSISTANT DIRECTOR, BUREAU OF WAR RISK INSURANCE; AND DR. WILLIAM CHARLES WHITE.**

TO INCREASE HOSPITAL FACILITIES FOR PATIENTS OF BUREAU OF WAR RISK INSURANCE, FEDERAL BOARD FOR VOCATIONAL EDUCATION, ETC.

The CHAIRMAN. I am in receipt of a letter from the Secretary of the Treasury inclosing a draft of a provision he would like to have carried in the deficiency bill, so far as hospitals are concerned, reading as follows:

The Secretary of the Treasury. In his discretion, is authorized to expend out of the \$18,600,000 appropriated by the act entitled "An act providing additional hospital facilities for patients of the Bureau of War Risk Insurance and of the Federal Board for Vocational Education, division of rehabilitation, and for other purposes," approved March 4, 1921, such sum or sums as he may deem necessary for the purpose of providing the facilities contemplated by said act, by purchase, gift, construction, remodeling, or extension of existing plants or those under construction, and equipment, on sites now owned or to be acquired by the Government and selected by him, and from time to time to make allotments therefrom to the War and Navy Departments and the Board of Managers of the National Home for Disabled Volunteer Soldiers, which shall be transferred to their credit and disbursed by them for the purposes set forth in public, No. 374, and this proviso: *Provided*, That the surplus property not required by the War Department mentioned in said act and surplus property of the Navy Department shall be transferred for use in constructing, equipping, and supplying any of such hospitals by such agencies.

Mr. LAPORTE. Mr. Chairman, I drew that in conjunction with the Comptroller of the Treasury to make sure that it would fit in with all of the limitations.

The CHAIRMAN. Will you state just what effect this will have?

Mr. LAPORTE. The present law would enable us to build only hospitals for the Public Health Service, or for operations by the Public Health Service. It enables us to extend or expand Public Health Service hospitals, and there is a limit of about \$6,000,000, as I remember the law. Now, this provision would enable us to build on to soldiers' homes and to Army and Navy hospitals. It would enable us to make it an expansion proposition entirely, instead of building on, if the survey developed that to be the wiser course, or instead of putting up new complete plants. There is, of course, an advantage in building at soldiers' homes and at Army and Navy hospitals, and in extending plants already existing, both in respect to cost and speed, over trying to build an entirely new plant from the start. The thing we are looking to is the terminus of this job.

The CHAIRMAN. Did you cause a survey to be made of the existing plants to see what opportunities existed for enlargements?

Mr. LAPORTE. That is going on now. Dr. White can tell you about that in more detail and how far the committee has progressed. They are going over the country, district by district, and locality by locality, and expect to take a good deal of time. They are going over the field with this policy in view of trying to find every possible bed without building. Then, when they find that it will be necessary to build, they try to build on existing Government property. They try to meet the needs through the expansion of existing Government property, and they come to absolutely new building operations only as a last resort and when nothing else will do.

The CHAIRMAN. To what extent would you use any of this fund in enlarging and extending Army and Navy hospital plants?

Mr. LAPORTE. That will be difficult to answer. It would depend upon the survey. The ex-service men are unwilling to subject themselves to the military discipline at the Army and Navy hospitals, for instance, and we look upon those hospitals as more in the nature of expedients than as a part of our permanent policy.

The CHAIRMAN. Suppose you should decide to extend an Army or Navy hospital, and after you had expended \$500,000 on such a hospital, the Army or Navy should tell you to get out of it, and say, "This is an Army hospital, and we are not going to take care of discharged volunteer soldiers here." In such a case, what would be your remedy?

Mr. LAPORTE. We would have no remedy unless the hospital were turned over to us.

The CHAIRMAN. But if after turning it over to you they took it back after you had made that expenditure, what could you do?

Mr. LAPORTE. What objection would there be to modifying it by providing that the Army and Navy hospitals which have been turned over to the Treasury Department should remain under the control of the Treasury Department so long as the need existed? For instance, in the case of the Fitzsimmons Hospital, at Denver, where you authorized an expenditure of \$750,000; I suppose that eventually that will simply be another Army hospital for their use.

The CHAIRMAN. It should not be. I doubt if they will ever need a hospital of any such dimensions in the Army for the treatment of tubercular patients, but you do need it for discharged soldiers.



Mr. LAPORTE. Yes, sir; but they did not turn it over.

The CHAIRMAN. They have Army post hospitals and hospitals at other places where they could take care of all the tubercular patients in the Regular Establishment, and it seems to me that this hospital should be used as a hospital for discharged soldiers entirely.

Mr. LAPORTE. If there were some way to make them turn the hospitals over to us, at least temporarily, at the places where we spend money on the buildings, I think it would be desirable; but there are so many factors entering into it that our policy would be against giving them money to build more hospitals that we will not be able to use.

The CHAIRMAN. I can see the advantage of everything in this except the money that would be expended on Army and Navy hospitals. I think there would be a disposition in Congress not to appropriate more money to increase hospital facilities for discharged soldiers by spending that money on Army or Navy hospitals when the next day after you made the expenditure you might be ordered to take your discharged soldiers out of them.

Mr. LAPORTE. I wonder if you could put something in there providing that if they do spend our money we shall use the additional beds as long as we need them. Do you think that would be operative? I know that these people see the chance here of aggrandizing their service through the use of money appropriated for the ex-soldiers. They will be very glad to get it in order to get more hospitals, or hospitals that they could not get by applying for them direct. I think that is true, and they will not be tremendously interested in the ex-service men after they get the hospitals.

Dr. WHITE. As a matter of fact, very little of the money will be spent on either Army or Navy hospitals. The one group that does seem to be properly suited to handle the ex-service men and to take care of them permanently or ultimately is the old soldiers' homes, and that is where the money ought to be spent, in the judgment of our committee. However, there are in certain localities Army hospitals and Navy hospitals that could be used, but they are very few in number. Still they do exist at places where increased facilities to-day would enable us to handle the emergency, and it is the emergency that has to be handled. It was thought that the economical thing to do would be to utilize them, if they could be utilized, for this emergency, and that they would give permanent hospital equipment for the ordinary work of the Army and Navy. I agree with you that some arrangement ought to be made whereby such hospitals shall be utilized so long as the emergency exists.

#### PERSONNEL AND ACTIVITIES OF COMMITTEE ON HOSPITAL FACILITIES.

The CHAIRMAN. For the information of the committee you ought to state something for the record with regard to the organization of your committee, covering the personnel of the committee, and just what study the committee has made.

Mr. LAPORTE. I can first tell you about the selection of the committee, because I took a part in that. This plan, of course, meant the expenditure of a great deal of money in building hospitals, which,

of course, would be a charge on the Government as long as they stood. Therefore we wanted to make the soundest possible investment, and to that end we wanted the best experts we could get. We started out with the idea of getting a representative committee, which meant a committee of 12 or 15 men. Of course, that would not have been a very workable body, because the larger the committee the slower they would work. Therefore we concluded to get a small committee of three or four men and bring in the outside elements and collect all of the necessary information, because by having a small body we could get the results quickly crystallized into some definite form of action. Most of these hospitals are to be provided for people who are suffering from tuberculosis or who are psychiatric patients. Therefore we wanted on this committee an expert on tuberculosis and a psychiatrist. In addition to that we wanted, if possible, to get a layman who was familiar with the operation of hospitals.

For that purpose we did not want a medical man, but we wanted a man outside of the profession who knew all about hospitals and their problems. After considering a great many names, and after asking some people whom we could not get, we were fortunate enough to get Dr. White, who started life as a psychiatrist. I think he had charge of the chair of psychiatry in one of the universities. He contracted tuberculosis, and he became an expert on tuberculosis. He is very well known in the medical profession, and served overseas for two years, doing tuberculosis work in the camps. We then got the chancellor of the University of Pittsburgh, Mr. Bowman, to serve on the committee, and we got Dr. Pierce Bailey, of New York City, who was the chief psychiatrist on Gen. Ireland's staff during the war, to serve. We got Dr. Frank Billings, of Chicago, who has been at the head of the American Medical Association, to serve. That was the committee to bring the matter to a focus. They are consultants of the Secretary of the Treasury on this subject. They are advising him and gathering information for him. These gentlemen have employed a great many people to assist them, and they are in a position, being a quasi-judicial body, to pass upon those things that are brought to them by people whom they employ and by people who serve them voluntarily. They have gathered a great mass of information on this subject, and Dr. White can throw light upon that part of the subject.

Dr. WHITE. We have asked every group of people whom we thought had a right to an opinion on the question of the care of ex-service men, both in the Government and volunteers, for their views, and everyone of them were committed in the interviews to certain general policies on which they all agreed, and these were then adopted as policies by this committee. These policies were simply that where Government plants already existed they should be utilized to the utmost extent, for this reason, that the purchase of new land, as is the case with most Government operations, takes a great length of time, and the building of new plants from the bottom means delay, and often there are difficulties almost impossible to overcome. It was agreed that where plants already existed under the Government the overhead charges were practically always taken care of in the power plant, laundry, kitchen, and in everything that went into the operation of the plants, and that the personnel, or the nucleus

of the personnel, of doctors and nurses was already provided. Because we were dealing with an emergency proposition it was felt that that was the fundamental principle which they should all agree to, if possible, and they did. The second principle was that where the greatest demand existed of these patients there the hospitals should be placed. In our investigation we found certain conditions which had not been anticipated.

For instance, we found that consumptives in search of suitable climates had poured into districts of the United States where nobody thought they would be. Where they had reckoned that there would be 700 consumptives, they have now 4,000. Where the demand was greatest was where the hospital facilities should be provided at the earliest possible moment. In looking over the general field, it was found that the East was well provided with hospitals, while the Middle West and Far West, being newer countries, and hospitals being a late development in many of the new States, are short of hospitals. That was set down as a fundamental proposition. The third consideration was what department of the Government would finally have to take care of the exservice men. We have had two experiences in our history, the Civil War and the Spanish-American War, which showed who was likely to finally take care of those who were the beneficiaries of the Government in a permanent way. We came to the general conclusion, in which practically everybody agreed, that the National Soldiers' Homes would be the final department of the Government that would have to take care of them. These men become disabled later from other reasons than injuries and sickness directly traceable to the war, such as old age, and it was determined that that department of the Government which would have this ultimate care should be built up for the purpose of taking care of the men to-day.

It was determined that it would be very easy to transform the homes into hospital organizations to-day, and then later retransform them into institutions for taking care of those men ultimately. That was practically agreed to as a fundamental principle. It was further determined that those departments of the Government, the Army and Navy hospitals, the Public Health Service, and St. Elizabeths, which perform normal hospitalizing functions for the United States, should be considered wherever they were properly placed as being establishments whose equipment should be improved, if at all practicable, so that in the performance of their normal functions in caring for Government beneficiaries there would be opportunities for economy in utilizing the enlargement provided therefor, provided now that they should take care of this emergency situation which faces us. Now, every one of the volunteer bodies, and we called in the American Mental Hygiene Association, the National Tuberculosis Association, the American Red Cross, the American Medical Association, the Catholic Hospital Association, and the American Sanatorium Association, all of whom are dealing with these ex-service men to-day in the field, agreed with this.

Those bodies know the practical side of it, and they have experts whom they loaned to us at practically no expense to the Government. The experts of those organizations have been doing practical work for the ex-service men in the field, outside of the Government

official group. They have taken all the figures that have been gathered from the Government offices and from outside sources, and have worked them up, district by district, on this basis. We had the number of patients of the different types furnished by the Bureau of War Risk Insurance, and we sent out questionnaires to all the existing hospitals that might be utilized to-morrow or to-day for the care of these men. They have tabulated that information, and have mapped in the different States and sections of the country, and they have gotten from the Census Bureau figures showing the density of the population, railroad lines, etc., and showing the ease with which hospitals can be operated and the ease with which patients can be transferred. All of that information is mapped and charted, ready to be used as a basis in determining where these hospitals should be.

You, Mr. Chairman, have been good enough to come down and see what we are drawing up as a basis for this work. Every step that we take leads us more and more to the conclusion that the proper hospitalizing department of the Government already existing, and the one that is most economical, is the old soldiers' homes. However, the law will not allow us to make expenditures on them, but it will only allow us to make expenditures on those hospitals that are being used by the Public Health Service, or those that may be turned over to it. Now, the Public Health Service was the first one to agree that this general proposition should be carried out. They felt that they had been saddled with a hospitalization program which they found was too big for them, mainly by reason of the fact that they could not get the personnel. The shortage of doctors and shortage of nurses in this country make a very difficult situation. For any new hospitalizing group to come in competition with the others and get the proper personnel is almost an impossibility.

Mr. BUCHANAN. If you put ex-service patients in naval or Army hospitals, would they become subject to military discipline?

Mr. LAPORTE. In a large measure they would be. They would not be in a strict sense, because they would not be soldiers, but those hospitals are operated under military discipline, and they must conform or be discharged from the hospitals.

Mr. BUCHANAN. Do you think that would be acceptable to the ex-service men?

Mr. LAPORTE. No, sir.

Dr. WHITE. They do try to segregate them. In most hospitals they segregate them in buildings and units by themselves.

The CHAIRMAN. I think you told me about your study of one of the soldiers' homes and about the bed capacity that could be provided with the expenditure of a comparatively small amount of money.

Dr. WHITE. With reference to new hospital construction, the estimates given us by various hospital groups range from \$3,000 to \$5,000 per bed. The old soldiers' homes have been able to provide beds by expansion at a cost of from \$900 to \$1,500 per bed. Therefore, if it is done in the way we suggest, there would be a saving to the United States of somewhere between 50 and 60 per cent.

The CHAIRMAN. How about the saving in time?

Dr. WHITE. There would be a saving in time. For example, take the case of Dawsonsprings, where they are working on a new plant

and where they took a year and a half to get even \$800 worth of work done, on the one hand; and on the other, the old soldiers' home at Johnson City, where in nine months they had 600 beds of new construction finished, and the patients in the beds, and the doctors and nurses there to care for them. The same thing was done at Marion. In California, the old soldiers' home let contracts in February, and they will be ready in two months to take patients. The speed, efficiency, and honesty with which the old soldiers' homes organization works is a constant surprise to us. That is true everywhere we have run across it.

The CHAIRMAN. My recollection is that the average age of the members of the soldiers' homes, or of the veterans of the Civil War, is something over 78 years.

Dr. WHITE. Yes, sir.

The CHAIRMAN. The death rate is very large?

Dr. WHITE. Yes, sir. They lose 30 per cent of their population annually now.

It has been thought that some economy would occur by cooperation with the States—and we have sent to the governor of each State in which there exists a State home, and the answers from the governors have come back—with the possibility of the Federal Soldiers' Home Board listing and utilizing such available space as there is in the good State homes—there are apparently very few of them that are worthy of consideration—there was a possibility and there is a possibility of an economy in this direction.

The CHAIRMAN. If I gather from your statement your conclusion it is that if we adopt a provision such as has been transmitted by the Secretary you will, in the first place, save a great deal of time in providing the facilities, and, in the second place, secure bed capacity for about 10,000, whereas you would not get more than 4,000 for that money if you were to engage upon a new construction at this time?

Dr. WHITE. Yes, sir.

The CHAIRMAN. Have you considered this phase of your problem: After the intense period of hospitalization is over you will then have a great demand for homes for disabled ex-service men, and will these institutions then be easily transferred so that they can be utilized for such homes?

Dr. WHITE. That was one of the main arguments in shaping this policy. They will be. The transformation from a hospital to a home is very simple.

The CHAIRMAN. Did the committee have in mind any particular Army or Navy plant in suggesting this draft?

Dr. WHITE. No. In the recommendations there is a necessity in the East for a clearing house for the insane, some hospital to which the insane can be sent for two or three weeks and the type of hospital care that they need determined before being drafted to the other hospitals.

The CHAIRMAN. That is a sort of observation ward?

Dr. WHITE. An observation ward for the East and one for the West. It has been thought that that might be done best at Walter Reed here, and that then from Walter Reed the patient could be sent to that hospital which would be best fitted for his care. As it exists to-day, the insane patients have all types of insanity and are sent to

the hospital in the region, which is very, very bad. They have all sorts of insanity in one hospital, simply because it is in that district. That is very bad from an administrative standpoint.

The CHAIRMAN. Has the Walter Reed Hospital such capacity which you could utilize?

Dr. WHITE. No; there would have to be an extension of Walter Reed Hospital for that purpose, I think. As you know, there has been great difficulty getting the supplies from the Army which would help. That is just a matter, I think, of departmental pride and, perhaps, jealousy. I do not know, but it was thought that if it were just and right to build at Walter Reed that the Army would cooperate more freely and willingly in releasing its enormous supplies for work in other districts.

The CHAIRMAN. After there was no longer any need for the building for observation purposes, would the building be of a character that could be utilized, without great expense, by the Army medical department?

Dr. WHITE. Yes, sir; that has been put up to the medical department of the Army and in each case where a proposition of that sort has come we have asked this question:

Is this a necessary part of your equipment for the routine work when the emergency is over?

Those opinions are all in the office and with answers satisfactory to the committee.

The CHAIRMAN. Did your committee visit some of the soldiers' homes?

Dr. WHITE. Our advisory committee.

The CHAIRMAN. I mean your advisory committee.

Dr. WHITE. Yes, sir. We had a group of men start out last Sunday night and go to East Hampton, to Gulfport, to Camp Knox, to Dawson Springs, and to Dayton, and from Dayton three of them went to Marion. Dr. Williams, from New York, who had not seen Marion before, told the committee this morning in the office that he thought it was the thing of this character in the United States of which the people of the whole country would be proudest. He was very much impressed with the change which had been made and the equipment, but now it is incumbent, of course, upon every voluntary organization in the United States to put the personnel that will make Marion successful back of it, with the excellent buildings. The next thing they need is the brains in the care and treatment of the health of the patients who are intrusted there for care. That fortunately the excellent spirit and elastic character of the old soldiers' home administrative staff has made a very gratifying field in which to work.

The CHAIRMAN. Over considerable objection, this committee was responsible for the improvements made at Marion, Ind., for the treatment of mental cases and the home at Johnson City for tuberculosis. Your experience at both these different kinds of hospital would qualify you to give the committee some information as to the character of the equipment we have in each of those places and I should like to know whether or not the improvements have been made along the most scientific lines and if the buildings are adapted for the uses for which they are intended?

Dr. WHITE. Without question, they are the best we know to-day.

The CHAIRMAN. Anywhere?

Dr. WHITE. Yes; anywhere.

The CHAIRMAN. What did you find with regard to the character of treatment that is being given to the men in the homes that you visited and investigated?

Dr. WHITE. I think it is the equal of any rapidly organized personnel to-day in the country. I think some of the older institutions that had their staffs already working at the same problems for many years, perhaps, are more satisfactory to the patients than where the patients and staff were all put together at one time. I think Maj. Bellis, at Johnson City, for instance, has done a wonderful piece of work. He has had more difficulties, probably, than any other hospital man in the United States. I had one of our inspectors down there on Sunday. I think that many men are in these hospitals that should not be in the hospitals. We have had various statements made to us and we have found that we had to get accurate figures before we could make up our own minds. He told me that Maj. Bellis had to deal one morning with 14 men who had been off the grounds the night before without permission. That is what makes that type of hospital administration difficult.

If that was in an older hospital those problems would not be bothering them as they are to-day, but the care of the men at Johnson City and the medical man that you have at the head office and the medical staff which he has gathered around him are, I think, the equal of any in the United States. In listening to the criticisms of men gathered there from all over the United States we must be more sympathetic with the medical administrative staff until he gets it whipped into shape.

The CHAIRMAN. Doctor, does tuberculosis have a tendency to make the patient critical of his surroundings and the treatment?

Dr. WHITE. Well, the majority of tuberculosis cases are very difficult to deal with. They are not actually sick. The care consists of long rest in bed and they get peevish and critical; without question, they are very hard to deal with. If they were sicker it would not be so.

The CHAIRMAN. They are too sick to go without treatment, and not sick enough to subject themselves to the treatment?

Dr. WHITE. Yes, sir; that is it exactly.

The CHAIRMAN. This draft, I take it, is the conclusion of your advisory committee?

Mr. LAPORTE. The committee said to me that they could not recommend a sounder program.

The CHAIRMAN. Do you know how soon we will be able to occupy the hospital down at Dawson Springs?

Dr. WHITE. These men reported that it would be ready in a year.

The CHAIRMAN. A year from now?

Dr. WHITE. Yes, sir.

Mr. LAPORTE. The Supervising Architect told me that it would be ready by this late fall.

The CHAIRMAN. Yes; but he told me that Broad View would be ready to be occupied by the first of last December.

Mr. LAPORTE. Yes; they constantly put us off from month to month.

Dr. WHITE. There are no servants' quarters and no power plant, nothing to operate the Dawson Springs plant.

Mr. LAPORTE. They do not think, at the same time, that they have money enough to make the buildings fireproof. That ought to make available some of the \$18,000,000 at places like the Speedway, Dawson Springs, and this other project, Mount Alto.

The CHAIRMAN. Did you have any estimate as to what it would cost to put up this addition to Walter Reed which you were speaking about?

Dr. WHITE. \$600,000.

The CHAIRMAN. And what bed capacity?

Mr. LAPORTE. 250 additional beds.

The CHAIRMAN. A permanent improvement?

Dr. WHITE. Yes, sir.

Mr. LAPORTE. And made fireproof.

The CHAIRMAN. Yes; the buildings ought to be fireproof even for observation cases. Dr. Billings said that he felt that if he were to put insane patients in an inflammable institution that he would never sleep at night.

The CHAIRMAN. Has this matter been put up to the national commander of the American Legion?

Mr. LAPORTE. Col. Galbraith. They want to spend all this money and more. They do not go into detail at all. They want to spend it quickly. They do not want us to speak about details. I never got anything specific out of him.

Dr. WHITE. He did tell the Secretary that he approved it.

Mr. LAPORTE. He came to see me, and I took him to the Secretary, and he told the Secretary that he approved absolutely of the work of this committee; that the Legion had absolute confidence in these gentlemen and the integrity of their efforts and would back them in their undertaking.

The CHAIRMAN. I was told by some one—whether it was your committee or not I do not know—that he had been down to Johnson City, Tenn., and at Marion, Ind., and these other places where we had spent money in improving the soldiers' homes and making them available, and that he was not only very greatly surprised but immensely pleased, and that he thought what had been done along that line was just the thing that should have been done.

Mr. LAPORTE. I have no doubt that is right. I think that Col. Galbraith and the whole Legion will heartily support the machine we have devised here to do this job. I do not think there is any doubt about that. He expressed himself as vigorously as he knew how, and he expresses himself pretty vigorously.

#### SEGREGATION OF PATIENTS.

The CHAIRMAN. Did you go into the question to any extent with regard to the opposition, if any, on the part of the soldiers of the Civil and Spanish-American Wars with regard to utilization of these hospitals for soldiers of the late war?

Dr. WHITE. We had Gen. Wood, Col. Pearsall, and also the representatives of the subcommittee who have been going to see them, and



the consensus of opinion is that there is not any difficulty at all; that the old men are very much delighted to see the youngsters come in, and the youngsters are very, very nice to the older men. They keep them in separate buildings.

The CHAIRMAN. They are segregated, however, and there is no possibility of having the young men with the older men?

Dr. WHITE. No, sir.

Mr. LAPORTE. Except as they want to get together.

The CHAIRMAN. In the hospitals, where there are separate buildings, they are not kept in the same wards?

Dr. WHITE. Not at all; they are quite segregated.

The CHAIRMAN. Is there anything further you wish to say about this matter, Doctor?

Dr. WHITE. No, sir; except this is a tremendous job and we can not do it economically or we can not do the job satisfactorily unless this permission is given to us. It will certainly help the ex-service men, whom we are all interested in.

The CHAIRMAN. This is the unanimous recommendation of your committee?

Dr. WHITE. Unanimous. There is not even a dissenting thought, much less a voice. This is the unanimous expression of the committee and of everybody we have had before us.

Mr. LAPORTE. I think we have had suggestions from everybody who could throw any light on the matter.

Dr. WHITE. It is certainly the right thing for the ex-service men, and is what ought to be done promptly.

#### SALARIES AND EXPENSES OF EMPLOYEES ENGAGED IN FIELD INVESTIGATIONS.

The CHAIRMAN. You are asking \$80,000 for salaries and expenses of employees engaged in field investigations and expenses of not more than eight temporary branches?

Col. HALLETT. Yes, sir.

The CHAIRMAN. That is a deficiency for this year?

Col. HALLETT. Yes, sir; that is a deficiency for this year. The estimate for the year was \$1,500,000. The appropriation was \$500,000. Every effort was made to keep within the \$500,000, although that meant very material curtailment of the activities in the field with reference to investigating these various cases. It was believed that, perhaps, we could do this, because it was believed that the work of investigating the cases would fall off. As a matter of fact, much to our surprise, it has increased as the work of all the compensation claims has very materially increased. We believed that we had reached the peak of the load somewhere around November, 1920.

Suddenly, in January, February, and March of 1921 the cases began to come in at an unprecedented rate, and more than 63,000 new cases were received during those three months, which is at a rate in excess of the cases which we had received before, even including June and July of 1919, which were in the height of the demobilization. There is not very much more that I can say, except what was stated in the letter of the Secretary of the Treasury as to the requirements.

The travel of these men has been reduced to a minimum, but it is almost impossible to tell just exactly how much travel will come in in the future, because the railroads hold up their transportation requisitions which they have honored until they get a sufficient number, and it is almost impossible to accurately gauge how much has been spent until the bills come in, when you can check it to find that they have been legitimately incurred. So this is the amount which it is believed will cover the various expenses that will be coming in in order to meet the current charges.

The CHAIRMAN. What is the state of your balance?

Col. HALLETT. If you would like to have me, I can put that statement in the record.

The CHAIRMAN. Very well.

Col. HALLETT. The book balance available is \$55,762.62.

The CHAIRMAN. On what date?

Col. HALLETT. That is as of April 30. Rents and retirement fund, amount to be added to that which had been previously charged as encumbrances, \$5,047.93, making a total of \$60,810.55.

The CHAIRMAN. That means that you have spent up to May 1, approximately, \$440,000?

Col. HALLETT. Yes, sir; actually charged on the books.

The CHAIRMAN. Have you any outstanding bills?

Col. HALLETT. Estimated amount outstanding and not on the books, \$40,000, leaving a total unexpended of \$20,810.

The CHAIRMAN. Your monthly rate of expenditure has been about \$48,000?

Col. HALLETT. Yes, sir.

The CHAIRMAN. And running for 10 months you have spent \$480,000?

Col. HALLETT. Yes, sir.

The CHAIRMAN. If you spend \$48,000 a month for the next two months you will need \$96,000 and you have \$20,000 on hand which would make about \$76,000?

Col. HALLETT. Yes, sir.

The CHAIRMAN. Have you made any reduction since you prepared this statement?

Mr. BREINING. No, sir; I do not believe that it could be cut any further. Back in December, 1920, we stopped soliciting insurance through the field force. They have nothing to do with insurance because, as expressed by the Appropriations Committee both in the House and Senate, they did not think that we should go out and solicit insurance. We are now confining ourselves simply to investigating cases where compensation and allotment allowances are involved.

The CHAIRMAN. How much did it cost you to solicit the insurance?

Col. HALLETT. That is very difficult to say. It was really not solicitation; it was sending men to American Legion meetings and various other organizations of that sort to give talks to them on all of the phases of the bureau, particularly compensation, insurance, and allowance and allotment. So it would be very difficult to separate. While they were at those meetings they took occasion to collect all the complaints, sending them in to the bureau. It is impossible to tell, but that work has been eliminated.

Mr. BREINING. I might say that insurance always has been just incidental to the compensation.

(The statement submitted by Col. Hallett follows:)

*Statement of field investigation item—appropriation, salaries, and expenses, 1921.*

Book balance available.....	\$55,762.62
Rents and retirement fund, May and June, charged as encumbrances.....	5,047.93
	60,810.55
Estimated amount outstanding not on books.....	40,000.00
Unexpended.....	20,810.55
Expended.....	479,189.45
Appropriation .....	500,000.00
Average monthly expenditure.....	47,918.95
Amount necessary for remainder of year.....	95,837.90
Balance unencumbered.....	20,810.55
Apparent deficit.....	75,027.35
May 2, 1921, deficiency requested.....	80,000.00

MEDICAL AND HOSPITAL SERVICES.

The CHAIRMAN. You are asking for medical, surgical, and hospital services, medical examinations, funeral expenses, traveling expenses, etc., \$8,710,272. You have an appropriation for this year of \$46,000,000?

Col. HALLETT. Yes, sir. That appropriation, as you will remember, was to be allotted to the various agencies that were running the hospitalization program of the bureau.

The CHAIRMAN. Yes, sir.

Col. HALLETT. There has been expended by the bureau itself in all of the incidental expenses—payment of travel expenses, physical examinations, and medical and surgical—\$1,188,602.63. There has been allotted to the United States Public Health Service \$33,364,300. There has been allotted to the National Home for Disabled Soldiers \$5,070,000. There has been allotted to the War Department \$1,340,000; to the Navy Department, \$73,368. It is estimated that there will be necessary for the last quarter \$3,853,397.37 for the bureau.

The CHAIRMAN. Is that for travel and incidental expenses?

Mr. BREINING. That is principally for traveling expenses and examinations. While 10 months' figures are shown there for the amount already expended by the Bureau of War Risk Insurance, they do not represent true figures for that period, because railroad companies hold their bills for six or eight months.

The CHAIRMAN. So you are still owing large sums?

Mr. BREINING. Yes, sir. Last year we found, after the close of the fiscal year, that on our compensation appropriation for travel expenses and similar expenses we disbursed over \$1,000,000 even after the year had been closed. As an example of that, I might say that in July, even though we were running at full blast, we did not have any vouchers presented for payment at all during that month, and in October, after four months of the fiscal year had gone by, we only

had \$89,000 in vouchers presented, whereas in April we had \$412,000 and in March \$432,000.

The CHAIRMAN. What are you figuring on allotting?

Col. HALLETT. The United States Public Health Service will require \$9,000,000. The Navy will require \$120,604. The others have already received their allotments for the last quarter, and that is included in the above.

The CHAIRMAN. Colonel, have you made any computation as to the relative cost of treatment in these various institutions per man per day?

Col. HALLETT. We have not been able to do that yet. We have taken very cursory surveys in order to find out, and I should say that the contract hospital was the most expensive method of handling these patients. The Public Health Service, I should think, was considerably cheaper than the contract.

Mr. BREINING. We have found from the amounts we have allotted to the Public Health Service that their average cost for contract and regular hospitals, which have been kept together, has been approximately \$3.66 per man per day. The War Department's cost has been about \$2.75 a day, the Navy Department about \$3 per day, and the national soldiers' homes about \$2.28 per day.

The CHAIRMAN. I suppose a good deal of this allotment to the national soldiers' homes is to make the conversions at Johnson City, Marion, and Dayton, Ohio?

Mr. BREINING. Yes, sir; I am not taking that into consideration, of course, when I am giving the per diem. In addition, to that, of course, there has been provided for the District personnel for the Public Health Service and also for dispensary treatments, purveying depots, and such as that.

The CHAIRMAN. Does this total that you have given here in your allotments, with the amount you estimate for the bureau, and \$9,000,000 for the Public Health Service and \$120,000 for the Navy, total \$54,710,272?

Mr. BREINING. Yes, sir.

The CHAIRMAN. You made those estimates some time ago?

Mr. BREINING. They were made less than a month ago. We put in a revised estimate. The first estimate was about eight or nine million dollars.

The CHAIRMAN. What is your best judgment now, that you will require that amount?

Mr. BREINING. Yes, sir; I believe we will. We have had reports from the Public Health Service and from the soldiers' homes, the Army and the Navy, and that is what we believe will be necessary.

Col. HALLETT. As a matter of fact, our first estimate was lower than this, and by reason of the bills that come in and by reason of a closer study of them, it was shown very clearly that we would not be able to get along with that estimate, with the result that a revised estimate had to be put in.

*Bureau of War Risk Insurance—Statement of appropriation "Medical and Hospital Services, 1921."*

Month.	Expended by bureau.	Allotted to United States Public Health Service.	Allotted to National Home for Disabled Volunteer Soldiers.	Allotted to War Department.	Allotted to Navy Department.
<b>1920.</b>					
July.....		\$8,971,250.00			
August.....	\$2,116.90				
September.....	20,236.73				
October.....	89,861.14	8,243,650.00			
November.....	197,227.04				\$18,972.00
December.....	194,688.74				
<b>1921.</b>					
January.....	225,427.67				
February.....	314,206.09	10,150,000.00			
March.....	432,774.49	1,000,000.00			54,398.00
April.....	412,063.63	5,000,000.00			
Total.....	1,686,662.63	33,364,300.00	\$5,070,000.00	\$1,340,000.00	73,368.00
Necessary for further payments.....	3,853,397.37	9,000,000.00			120,604.00
Grand total.....	5,540,060.00	42,364,300.00	5,070,000.00	1,340,000.00	193,972.00

The CHAIRMAN. Have you a statement showing the demands on the service for hospitalization by months?

Col. HALLETT. I have.

The CHAIRMAN. I will ask you to put that in the record.

(The statement referred to follows:)

*Patients in hospitals as of end of each month from August, 1920, to April, 1921, inclusive.*

Date.	Number of hospital patients.					
	United States Public Health Service.	Army.	Navy.	Soldiers' Homes. <sup>1</sup>	Private.	Total.
<b>1920.</b>						
Aug. 26.....	8,596	605	76	482	9,802	19,511
Sept. 30.....	8,028	738	185	530	10,095	19,576
Oct. 28.....	8,676	446	249	1,306	9,469	20,146
Nov. 25.....	9,317	442	225	1,532	8,610	20,126
Dec. 30.....	9,720	523	149	1,715	8,599	20,706
<b>1921.</b>						
Jan. 27.....	11,086	604	182	1,943	9,528	23,323
Feb. 24.....	12,143	613	151	2,244	9,396	24,547
Mar. 31.....	12,774	622	208	2,433	9,107	25,144
Apr. 21.....	12,958	684	339	2,549	9,207	25,637

<sup>1</sup> Includes patients in St. Elizabeths Hospital, Interior Department.

<sup>2</sup> 744 in St. Elizabeths on Apr. 21.

TUESDAY, MAY 3, 1921.

## PUBLIC BUILDINGS.

**STATEMENTS OF MR. JAMES A. WETMORE, ACTING SUPERVISING ARCHITECT OF THE TREASURY, AND MR. JOHN H. SCHAEFER, ACTING SUPERINTENDENT, MAINTENANCE DIVISION.**

## CONSTRUCTION OF VAULT FOR TREASURY BUILDING.

The CHAIRMAN. Mr. Wetmore, you have an estimate of \$2,000,000 for the construction of a building in the north court of the Treasury Building. I believe that was estimated for last year.

Mr. WETMORE. Yes, sir; that was the same item which was here last year. That is for the construction of a more modern vault to take the place of the present vault in the north court of the Treasury Building. I think there is some confusion about the matter being a building simply from the fact that the present vault has on top of it, first, a roof that was built like a concrete covering, and then on top of that was built a bicycle shed. Years ago, when everybody was riding bicycles, they built that shed and they used it as a place in which the employees could put their bicycles. Afterwards, because of the need of storage space in the Treasury Department, they used it for the storage of old materials of all kinds.

The building is a very flimsy affair, and now it is proposed to tear out the vault and the structure which is built on top of it and construct a vault of adequate size and more modern construction. The vault, as proposed to be constructed, would be in part below the ground and in part above, and it was considered desirable in connection with it to utilize that opportunity to put one room on top of it as a roof covering, instead of an ordinary covering. That would give additional room in the Treasurer's office. I think that because of that room there is some confusion about it, and it is thought we are intending to erect a building there, but it is simply a vault. We would not think of going before the Committee on Public Buildings and Grounds in connection with vaults, because they have always been handled by this committee. It is perfectly feasible to leave that room off, and construct a vault only, but my recollection is that the hearing shows that that additional part of the construction would amount to about \$25,000.

The CHAIRMAN. How large would this vault building be?

Mr. WETMORE. I have not the dimensions with me; in fact, I did not know that this matter was coming up, and I was not aware that it was before this committee; I had supposed it was before the Committee on Public Buildings and Grounds. I had before that committee last year a diagram of the vault as designed, and I would be very glad to send that to the committee.

The CHAIRMAN. I wish you would put in the record the dimensions of this structure.

Mr. WETMORE. We had a hearing before the Public Buildings and Grounds Committee last year, and if that is published I will be glad to get a copy of the hearing and send it to the committee, because it shows exactly what is contemplated.

[NOTE.—The dimensions proposed are 114 by 125 feet.]

The CHAIRMAN. How important is this at this time?

Mr. WETMORE. It is a very important thing, as I understand, from this standpoint: The vault is practically empty, because under the Pittman Act the silver that was in the vault was taken out, as I understand, and sold to India or the British Government. But there will probably never be another opportunity like the present to get into that space for the purpose.

The CHAIRMAN. For what purpose do you intend to use this building?

Mr. WETMORE. The room on top of the building?

The CHAIRMAN. No; the whole thing.

Mr. WETMORE. For the storage of coin of the United States. At the hearing before the Committee on Public Buildings and Grounds of which I speak the Assistant Secretary of the Treasury, Acting Treasurer, and other officials appeared and stated fully the use to be made of this vault.

The CHAIRMAN. We will get the hearings with regard to that.

Mr. WETMORE. I know that the Secretary and the Assistant Secretary believe it is a matter of importance, and I know the Assistant Secretary would be glad to appear before you on this item at any time. As I say, I was not aware that this item was before you. Mr. Gilbert is the Assistant Secretary who has the matter under immediate charge.

GENERAL EXPENSES—TRANSPORTING DRAWINGS, MISCELLANEOUS SUPPLIES, ETC.

The CHAIRMAN. You are asking that the deficiency bill carry the following language:

The limitation upon the amount which may be expended from the appropriation "General expenses of public buildings, fiscal year 1921," for transporting drawings, miscellaneous supplies, etc., is increased from \$10,000 to \$20,000.

Mr. WETMORE. This does not increase the total of the appropriation for general expenses but increases the allotment for freight and expressage. The department, during the year for which this appropriation was available, concluded that a considerable saving in its expenditures for supplies for public buildings could be made by establishing in New York City a storeroom which would enable us to buy in larger quantities and get the benefit of lower prices resulting from larger purchases; we established a storeroom without any additional cost for clerk hire, the general storekeeper of supplies, a customs official in New York, being detailed to handle this matter.

The result of taking bids for supplies in this way, including the additional \$10,000 that we are asking to use for transportation, shows a net saving of over \$35,000 in that year, and this change in the allotment is asked for this year alone, that is, that particular year; for the following year the committee has already handled the matter by providing in the appropriation for general expenses substantially this wording—I do not have it before me—that this appropriation shall not be available for the transportation of operating supplies. The effect of that is to make the appropriation that buys the operating supplies pay the freight on the operating supplies; as it was before we were buying the supplies out of one appropria-

tion and paying the cost of shipping them out of another. It will be a beneficial change, because it will make one appropriation available for the whole transaction.

The CHAIRMAN. How about next year?

Mr. WETMORE. As I say, for next year it is handled by this change in the language of the appropriation, which makes the appropriation for "General expenses of public buildings" unavailable for the transportation of operating supplies, and makes the appropriation for Operating Supplies pay for not only the purchase of the supplies but their transportation.

The CHAIRMAN. But this year you must have this authority.

Mr. WETMORE. Yes. It does not increase the appropriation and results in a saving.

The CHAIRMAN. Of about \$35,000 a year.

Mr. WETMORE. Net; a saving of \$60,000, but a net saving of \$35,000.

#### OPERATING FORCE.

The CHAIRMAN. You are asking \$35,000 additional for the operating force. You have an appropriation this year of \$3,712,000. What is the state of your balances?

Mr. WETMORE. I will ask you to allow Mr. Schaefer to answer that, because he is in charge of that appropriation.

Mr. SCHAEFER. That, Mr. Chairman, is entirely due to the labor conditions in the country. The labor conditions of the country are reflected in the appropriation for the operating force; when the labor conditions in the country are as they are at the present time, there being a large degree of unemployment, we have less lapses than at any other time of the year, because our forces are filled. We have to depend on our appropriations for the lapses because Congress never gives us the amounts that are estimated at the beginning of the fiscal year. For the present fiscal year we were cut down \$85,000. At the beginning of the fiscal year our actual pay roll was something like \$94,000 more than the amount of the appropriation; that \$94,000 had to be made up entirely by lapses.

Then the retirement fund took \$45,000 more from our appropriation. We were asked for an estimate as to what amount the retirement would take at 2½ per cent of the salaries of classified employees who were eligible under the retirement law; we estimated at that time that it would take about \$45,000, but, as a matter of fact, from August 1, 1920, when the law went into effect, until February 28, 1921, the returns were on an average of \$3,100 per month, which is over \$10,000 less than the \$45,000 which we gave. Now, at the beginning of July our lapses in salaries were as high as \$17,000 a month, irrespective of the drawback from the retirement fund; during the month of March they have dropped down to \$6,000. There has been a gradual decrease, which, as I say, is a reflection of the labor conditions of the country.

The CHAIRMAN. Nobody is now quitting to get a better job.

Mr. SCHAEFER. No, sir; that is it exactly.

The CHAIRMAN. And when there was a demand for labor at higher prices than you were paying you had vacancies?

Mr. SCHAEFER. Yes.



The CHAIRMAN. And when you had vacancies you did not pay out the money in salaries?

Mr. SCHAEFER. That is true; yes.

The CHAIRMAN. When you compare July, 1920, with March, 1921, you find you have saved \$17,000 because men had quit working?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. Whereas in the month of March it dropped to \$6,000, or a deficiency of \$11,000.

Mr. SCHAEFER. Yes, sir. Our bookkeeper gave me a statement yesterday morning in which he stated that he thought \$35,000 would see us through, but if they continue to drop that will not be sufficient; but we are asking for \$35,000. Recollect, Mr. Chairman, that \$10,000 of that is included in this retirement fund, and we will not get that back.

The CHAIRMAN. Mr. Wetmore, you thought, and a good many Congressmen, that this committee was pretty hard on you last year when we held down this appropriation, but it was on the theory that the men who were employed by the Government—while the salaries seemed low in many instances—would find it most attractive employment before another year.

Mr. WETMORE. Well, you were right about that; I do not know how attractive it is, but I know they are not quitting now.

The CHAIRMAN. It is attractive as compared with other employment.

Mr. WETMORE. Yes.

Mr. SCHAEFER. It is a matter of compulsion for them because they must have some job.

Mr. WETMORE. I want to say about this one item, Mr. Chairman, that without this \$35,000 it will be necessary to make furloughs in the entire service for a number of days in order to make it up.

The CHAIRMAN. Have you the unexpended balance?

Mr. SCHAEFER. The unexpended balance, after paying the March roll, was \$905,187.98.

The CHAIRMAN. Then you have April, May, and June to run.

Mr. SCHAEFER. Three months to run. You see, our March pay rolls do not come in until about the 15th of April.

The CHAIRMAN. Then you are running within your appropriation?

Mr. SCHAEFER. Well, we are within \$35,000 of it.

Mr. WETMORE. I want to say that there have been no promotions in this service except in the case of firemen in New York.

Mr. SCHAEFER. There have been several cases, but they were prior to January 1, but since January 1 there have been no promotions or increased positions.

Mr. WETMORE. I should say that we have practically held to the pay roll as it was on the 1st day of July last.

The CHAIRMAN. If you divide your total appropriation of \$3,712,000 by quarters you would have for your three months' periods \$928,000, and you say you have now \$905,000 for the last three months?

Mr. SCHAEFER. Yes; with something to come back for March.

The CHAIRMAN. How much?

Mr. SCHAEFER. I could not even estimate that.

The CHAIRMAN. What do you mean by saying you will have something to come back for March?

Mr. SCHAEFER. I mean additional rolls.

The CHAIRMAN. You do not mean you will have any money coming back?

Mr. SCHAEFER. Oh, no; no money.

The CHAIRMAN. How much do you think you will have to pay out?

Mr. SCHAEFER. I have not the slightest idea how much that will amount to.

The CHAIRMAN. You can estimate it roughly, can you not?

Mr. SCHAEFER. If you should estimate one-third you would come pretty close to it.

Mr. BUCHANAN. For what month?

Mr. SCHAEFER. For the month of March.

Mr. BUCHANAN. But that is included in the last quarter.

Mr. SCHAEFER. Yes; but we would still have to pay out more money on additional rolls.

The CHAIRMAN. Do the quarters run about the same as far as expenditures are concerned?

Mr. SCHAEFER. Each quarter is a little bit more than the other, because it reflects the additions in force for new buildings, etc., and the increases since July 1; but they average about the same.

#### FOR FURNITURE AND REPAIRS OF FURNITURE.

The CHAIRMAN. For furniture and repairs of furniture you are asking \$57,000 additional. You had an appropriation this year of \$625,000.

Mr. WETMORE. We are asking \$57,000 additional.

The CHAIRMAN. What is your balance?

Mr. SCHAEFER. We have an unexpended balance of \$184,317.43 as of May 2, but a portion of that is already encumbered with authorizations. The free balance is \$52,901.92.

The CHAIRMAN. It looks as though you would not need anything for the next six weeks. How can you spend it if we give it to you, and what do you want it for?

Mr. SCHAEFER. We have requisitions on hand to-day amounting to \$63,000, which should be filled. When I say they should be filled I mean that each one of these cases has been required to establish the necessity for that furniture. It is either to take care of a new employment or the establishment of a new service, like the accounting features of the Post Office Department, which were not provided for in our original estimates, because we knew nothing at all about them. It is not merely to replace furniture and make it good looking; we do not discard furniture unless it is absolutely unserviceable, and in that case it is sold; but our appropriation does not get the benefit of the sale; it goes into miscellaneous receipts of the Treasury.

Mr. WETMORE. As Mr. Schaefer says, we have held these authorizations down to cases where it was simply to replace furniture beyond repair or to supply furniture for additional employees.

The CHAIRMAN. From your statement it would appear that you only need about \$11,000, even if you filled every one of those requisitions.

Mr. SCHAEFER. That is, provided no requisitions came in during the next three months. At the time this estimate was made up to submit to Congress our free balance was \$66,000, which is \$14,000 more than at the present time. We figured we had \$63,000 of requisitions on hand and \$60,000 to come in for the three weeks. That made a total of \$123,000, less the \$66,000 we had on hand, making \$57,000.

The CHAIRMAN. How many post offices have you?

Mr. SCHAEFER. We have at the present time 1,190 post-office buildings.

The CHAIRMAN. Out of this fund you do not supply furniture for post offices that are not in Government-owned buildings?

Mr. SCHAEFER. No; only in our own buildings.

The CHAIRMAN. How much of this money is spent for furniture, supplies, and equipment in post offices?

Mr. SCHAEFER. I suppose about one-third is being spent for post offices.

The CHAIRMAN. What is the other spent for?

Mr. SCHAEFER. About one-third is being spent for the internal revenue and the other one-third is spent for all the other services of the Government. But those two services are the principal services that we supply, because they are constantly spreading and extending, which is not true of the other services to any large extent.

The CHAIRMAN. Where is the biggest demand—from the Internal Revenue Bureau?

Mr. SCHAEFER. It is equally divided between the accounting offices of the Post Office Department and the Internal Revenue Service, income tax.

The CHAIRMAN. You say one-third for all other services. What do those services include?

Mr. SCHAEFER. That includes all of their office furniture.

The CHAIRMAN. No. You say that one-third of the money is used for the Post Office Service, one-third for the Internal revenue, and one-third for other services. Just what services are they?

Mr. SCHAEFER. Well, the Agricultural Department, which has a number of field services; it means the Department of Commerce, because that department has a lot of field services; the Land Office, and the various offices of the Interior Department, all of which have offices in our large buildings.

The CHAIRMAN. Do you furnish furniture in the District of Columbia?

Mr. SCHAEFER. No, sir.

#### BIRMINGHAM, ALA., POST OFFICE AND COURTHOUSE—FOR FURNITURE.

The CHAIRMAN. For furniture to be placed in the Birmingham, Ala., post office and courthouse, you are asking \$55,000. That is a good deal of money for furniture for such a building, is it not?

Mr. SCHAEFER. It is a pretty good-sized building, and this is based on the present market prices of furniture. That was made up on the report of the superintendent who was right on the ground; he went through each room and checked up the actual furniture needed for each room.

The CHAIRMAN. Do you make special furniture for such a building?

Mr. SCHAEFER. No; it is our ordinary line of furniture. Is that what you mean by special furniture, or do you mean furniture specially built? The post office furniture is all built to order, but it is only rough cases.

The CHAIRMAN. You mean the boxes, etc?

Mr. WETMORE. No; the distributing cases.

The CHAIRMAN. How about the lock boxes, and things of that kind, in Government-owned buildings? Are they included as a part of the furniture?

Mr. SCHAEFER. No; they are provided under the appropriation for vaults and safes, which is an entirely different appropriation.

The CHAIRMAN. How about the boxes that are not lock boxes?

Mr. SCHAEFER. Anything in the post office screen in the way of a box comes out of vaults and safes.

The CHAIRMAN. Do you know how much money is required for the court furniture?

Mr. SCHAEFER. No; but I could supply those figures for you.

The CHAIRMAN. Do any of the other departments have space in this building?

Mr. SCHAEFER. Oh, yes.

The CHAIRMAN. The Internal Revenue?

Mr. SCHAEFER. Yes, sir.

The CHAIRMAN. The Agricultural Department?

Mr. SCHAEFER. The Agricultural Department has space in it.

The CHAIRMAN. I wish you would find out and put in the record a statement showing the amount required for each of the services that will be quartered in this building.

Mr. SCHAEFER. Very well.

*Birmingham, Ala., post-office and courthouse building, estimated cost of furniture equipment, showing amounts required by each service in the building.*

Postal Service .....	\$29,516
Civil Service .....	1,428
Bureau of Mines (Interior Department) .....	1,899
Recruiting service (War Department) .....	1,540
Custodian service (Treasury Department) .....	574
Bureau of Animal Industry (Department of Agriculture) .....	2,026
Court officials (Department of Justice) .....	10,815
Secret Service .....	505
Internal Revenue .....	6,485
Miscellaneous—window shades, awnings, etc .....	3,000
Total .....	57,786

The CHAIRMAN. Fifty-five thousand dollars seems a large sum of money for furniture in a building of this character. What did this building cost?

Mr. WETMORE. There was available for the building itself \$815,000.

The CHAIRMAN. Is it completed and ready for occupancy?

Mr. WETMORE. Yes; it will be ready in a very short time.

Mr. SCHAEFER. They think about August 1. We sent one of our representatives there to get up this furniture data and find out what they can do, and it will be ready for occupancy about August 1; the

superintendent said July 15, but I hardly think it will be ready by that time.

The CHAIRMAN. Mr. Wetmore, how does that estimate compare with the prices of the last furniture you purchased for buildings of a similar size?

Mr. WETMORE. You mean in total amount?

The CHAIRMAN. Yes.

Mr. WETMORE. I suspect the cost of the furniture is considerably higher now than it was.

The CHAIRMAN. The price of furniture has been going down considerably in the last few months, has it not?

Mr. WETMORE. No; it has not; at least we have not found a very great drop in the price.

Mr. SCHAEFER. According to the newspapers it has, but not in the stores.

Mr. WETMORE. We see in the newspapers statements to the effect that there has been a drop in the cost of materials, but it is not reflected in the proposals received by the office as yet.

The CHAIRMAN. I suppose this is oak furniture?

Mr. WETMORE. It is mainly hardwood furniture; the most of the material we use is oak.

The CHAIRMAN. It has always been the policy, so far as the court rooms are concerned, to put in very substantial furniture and furniture of the best quality.

Mr. WETMORE. There is not very much involved in the furniture appropriation for furnishing the court rooms, Mr. Chairman. The judge's desk, the clerk's desk, the rails, and the platforms are installed out of the building appropriation, but the benches and portable tables, such as are used by the attorneys and the stenographers, the chairs, and portable articles of that kind are paid for out of the appropriation for furniture. The expenditure out of the furniture appropriation on account of the court room would not be very large.

The CHAIRMAN. Are there many manufacturers that produce the kind of furniture you are getting, or is it special furniture?

Mr. WETMORE. We buy desks, chairs, bookcases, and everything of that sort on a specification that any first-class manufacturer can bid on. Our specification call for well-built furniture, but, as a matter of fact, bidders can generally furnish it from stock, if they are high-class builders; I do not mean cheap builders, but men who build good furniture that is durable and substantial.

#### COLUMBIA, S. C., POST OFFICE—FOR FURNITURE.

The CHAIRMAN. The next is the Columbia, S. C., post office for furniture, \$23,000. When will that building be completed?

Mr. SCHAEFER. At about the same time that the Birmingham building will be completed—about July 15 or August 1.

Mr. WETMORE. That is the same kind of a case.

The CHAIRMAN. What did that building cost?

Mr. WETMORE. I can give you the amount appropriated, and we probably used all of it. I will supply for the record the exact amount—\$360,000 was the appropriation.

The CHAIRMAN. For what purpose will that building be used?

Mr. WETMORE. That is mainly for post-office purposes, and I understand they will continue to occupy the old building.

The CHAIRMAN. How large is Columbia?

Mr. WETMORE. You mean the population?

The CHAIRMAN. Yes.

Mr. WETMORE. 34,611.

HONOLULU, HAWAII, POST OFFICE, COURTHOUSE, AND CUSTOMS HOUSE—  
FOR FURNITURE.

The CHAIRMAN. At Honolulu you are asking for \$65,000.

Mr. WETMORE. There is a little different situation at Honolulu. The furniture which will go in that building should be largely manufactured of metal. They have there an insect or ant that destroys wood. It can get under the surface of any wood that is not covered with varnish or enamel, and in course of time it will eat out the wood so that it looks like a sponge when you break it. Usually out there, in the large office buildings and places where the cost of equipping is considerable, they use metal furniture—I mean pressed steel.

The CHAIRMAN. What did that building cost?

Mr. WETMORE. There was available for the building \$1,125,000. I will supply in the record the actual contract let there.

(NOTE.—The contracts so far let aggregate \$1,043,694.)

Mr. BUCHANAN. What is the name of this insect or ant?

Mr. WETMORE. It is a white ant, but I do not know what it is.

Mr. SCHAEFER. And this insect flies.

The CHAIRMAN. When will that building be ready for occupancy?

Mr. WETMORE. About January 15. I want to say that steel furniture costs a little more than wood furniture, and there is extra transportation cost, so that it will cost a little more than usual to equip that building.

The CHAIRMAN. You have no appropriation out of which this can be paid?

Mr. WETMORE. No; we are asking for a deficiency in the appropriation, because these are all items that would fall as a charge against the present year's appropriation, if the appropriation were large enough.

The CHAIRMAN. Ordinarily you pay for this furniture out of your regular appropriation for furniture and repairs of furniture?

Mr. WETMORE. There is no uniform practice about it, Mr. Chairman. We would rarely include a building as large as that at Honolulu in our regular appropriation—that is, in our estimates—but the smaller buildings we do include in the estimates—buildings that cost \$5,000 or \$10,000, or something of that kind, to equip. For such buildings we do not think of coming down for a special appropriation. It has been customary in the past as to large buildings to ask for a special appropriation.

The CHAIRMAN. I do not remember such estimates coming here recently.

Mr. WETMORE. We have not had any large buildings in recent years. Honolulu is one of the places where we were unable to secure bids within the amount authorized. The Birmingham building was let early in the war, and also the Columbia building. That was done

after war was declared, but we have had no opportunity to get any large buildings under contracts since that time, until quite recently when we got the Santa Fe building under contract.

The CHAIRMAN. When you estimated originally for furniture and repairs of furniture, \$1,100,000, did you include in that estimate this item?

Mr. SCHAEFER. No, sir.

The CHAIRMAN. Have you gone over the specifications for furniture at these three different buildings to see whether or not they can be scaled down.

Mr. WETMORE. Not on these buildings specifically. The specifications for these buildings have not been changed with respect to furniture, except in the case of the Honolulu building. That is for metal furniture.

The CHAIRMAN. I wish you would go over them and see whether the amount you have estimated here can be safely reduced.

Mr. WETMORE. I think that is a pretty conservative estimate based upon the quantity and the articles required. I do not think there are any surplus articles, but I will look over that again and try to satisfy the committee in regard to it.

(NOTE.—I have examined the schedules and reports of the superintendents of construction responsible for the preparation of schedules, and am satisfied that only such new articles of furniture are included as are necessary for the proper transaction of public business. It appears that full and careful consideration is being given to the repair and transfer from the old to the new buildings of all articles of furniture which can be made serviceable. Included in each estimate is the cost of a complete equipment of awnings and curtains, and the estimate for Columbia includes new files equipment, as the postmaster reports he has none in the old building.)

OPERATING SUPPLIES—FOR FUEL, STEAM, GAS FOR LIGHTING AND HEATING PURPOSES, ETC.

The CHAIRMAN. For operating supplies you are asking for a deficiency of \$650,000. That is largely for coal, I suppose?

Mr. WETMORE. That is only a part of it, Mr. Chairman. I do not know whether you want to be bothered with this mass of figures, but they indicate the situation very clearly. Our expenditures in 1920 for heat in public buildings were \$1,177,043.66; our estimates for 1920 were \$1,274,000, and we find that we will need \$1,484,000. That is largely for coal, of course, although we do heat some of the buildings with oil. We availed ourselves this last year of the opportunity, as we have done heretofore, of buying direct from the mines, because we have found that that is the cheapest way to get it. It cuts out the dealers' profits. Therefore where we have the storage capacity and are able to do it, we buy the coal at the mines. I do not like to make as bold a statement as this in the record, but I think we do buy coal cheaper than any other department of the Government. We bought it for about half the price, I am informed, the War Department paid for it at the mines. On an average we paid \$5.31 per ton for bituminous coal at the mines, and we have paid on an average about \$7.50 per ton for anthracite coal at the mines. Now, if you will take that figure and multiply it by two you will find what it costs to get the coal into the buildings.

In other words, it costs for freight, drayage, and handling of coal as much as the coal itself costs. I picked up a Missouri paper the other day and found that the farmers out there were up in arms because it cost them as much in freight to get a carload of seed potatoes from Minneapolis as the potatoes themselves cost in Minneapolis. We are doing the same thing in regard to fuel. The freight and drayage costs as much as the fuel does on an average. In other words, our coal put in the bins costs \$10 per ton for bituminous coal and \$15 per ton for anthracite coal, while at the mines the cost of bituminous coal is \$5.30 per ton, and the cost of anthracite coal is \$7.50 per ton. In regard to the next item for light and power, our expenditure for 1920 was \$810,000; we estimated \$776,000, and we will spend \$850,000. For water, our expenditure in 1920 was \$155,000; we estimated for 1921 \$153,000, and our expenditures will be \$150,000. We have there a saving of \$5,000 on water. For ice, our expenditure in 1920 was \$170,000; our estimate was \$78,000, because we thought it would be less, but the actual cost is \$106,000. For the removal of ashes and trash our expenditures in 1920 were \$44,000; our estimate was \$42,000, and it will cost \$56,000. For washing towels we expended in round numbers \$56,000 in 1920; we estimated \$43,000, and the cost is \$65,000. That is a considerable increase. For lighting supplies we expended \$116,000 in 1920; we estimated \$87,000, and we shall need \$99,000, which is an increase over the estimate, but a decrease in comparison with what we expended in 1920.

In other words, it is \$90,000 against \$116,000. For miscellaneous items we expended in 1920, \$260,000; we estimated \$231,000, and the cost will be \$330,000. Our estimate for appropriation was \$2,690,000; the appropriation was \$2,500,000, and the expenditures will be \$3,150,000. There was a difference of \$190,100 between the estimates made and the appropriation, and that difference makes up the \$650,000 we are asking now.

The CHAIRMAN. What is the state of your balance?

Mr. WETMORE. The balance of that appropriation is \$128,285.47—or that was the balance yesterday. We have in the office at this time 2,800 vouchers, amounting to \$240,777.01. In the case of this deficiency this year, as in other years, we have given preference in the payment of vouchers where a discount is allowed. We are allowed discounts, just as private individuals are, on the electric bills and water bills if they are paid within a certain time. That discount amounts to a very considerable item. It will run to practically six or seven thousand dollars per month, some months, and aggregates perhaps, \$50,000 per year. We have saved those amounts; and, as I have said, we give the preference in the payment of bills of that kind and to the accounts of small dealers. Of course, when we can not pay our bills, as we are unable to do under conditions of this kind, we have a good deal of adverse criticism from people throughout the country. Sometimes they are pretty bitter in their criticisms and threaten to cut off the service. The light and power rates have increased on an average of from 10 to 15 per cent throughout the year. That, however, does not apply to the Government alone, but is the increase allowed by utilities commissions, based on the increased cost of fuel, oil, and other articles entering into the cost of production.



The CHAIRMAN. On the 1st of May you had an actual deficiency of about \$115,000, or would have had if you had paid all of your bills.

Mr. WETMORE. That is, if we paid the bills that have been presented.

The CHAIRMAN. Have you any bills that have not been presented yet?

Mr. WETMORE. There are two months yet to come. There will be bills coming in until August that we do not now know anything about.

The CHAIRMAN. Of course, you will not have any coal to buy?

Mr. WETMORE. Not much.

Mr. SCHAEFER. We are buying some coal right now—10 tons here and 25 tons there. Not in large quantities.

Mr. WETMORE. We will not have much additional expense for coal.

The CHAIRMAN. Why do you not follow the example of commercial offices and cut off the steam on the 1st day of May? Why not let them keep warm by working a little?

Mr. WETMORE. Some of it is not for heat, but is for light and power in some of the buildings.

HOSPITAL CONSTRUCTION, PUBLIC HEALTH SERVICE—FOR REIMBURSEMENT TO SUPERINTENDENTS OF CONSTRUCTION FOR TRANSPORTATION OF HOUSEHOLD GOODS.

The CHAIRMAN. Under the head "Hospital construction, Public Health Service," you are asking \$2,500 for reimbursing superintendents of construction for transportation of household goods incident to change of headquarters not in excess of 5,000 pounds at any one time, etc.

Mr. WETMORE. This is a repetition of the item that appeared here last year. The superintendents of construction under the Supervising Architect's Office were granted this allowance by this committee, and they have had for some time the allowance for the transportation of household goods on change of headquarters, but superintendents of construction when working on the construction of marine hospitals do not have this allowance at all.

The CHAIRMAN. We made a very substantial increase in their pay, and there was some complaint made in some other services.

Mr. WETMORE. That was true of all the superintendents of construction. The pay of the superintendents of construction in my office was increased.

The CHAIRMAN. How many persons would be benefited by this provision?

Mr. WETMORE. I think not more than a dozen or so. We have no bills in the office amounting to \$2,500. In fact, they have not been submitted to us, because they have no right to submit claims.

The CHAIRMAN. You have not paid this heretofore?

Mr. WETMORE. No, sir. We have had letters from the Superintendents claiming that they ought to be allowed the same consideration that is given to the superintendents of construction under the Supervising Architect's Office. You can well understand that letters of this sort would be apt to come from them, because they are the

same superintendents of construction who have been receiving this allowance under the Supervising Architect's Office, but when they are transferred over to this marine hospital work they find that they do not get the allowance. When they work for us they get this allowance for transporting furniture on change of headquarters.

MARINE HOSPITALS AT CHICAGO, ILL., AND MOBILE, ALA.

The CHAIRMAN. Is there anything else?

Mr. WETMORE. A letter dated April 16, 1921, has been forwarded to the Speaker. In this letter is transmitted the item that we had before you last year asking that the appropriation for certain marine hospital work at Chicago and at the marine hospital at Mobile be made in lump sum without requiring us to be held down to particular amounts for the separate buildings. For instance, at Chicago, the appropriation as it now reads is:

For remodeling present building, \$50,000; medical officers' quarters, \$10,000; junior medical officers' quarters, \$12,000; pharmacists and nurses quarters, \$16,000; attendants' quarters, \$32,000; in all, \$121,000.

We want that made as a lump-sum appropriation to cover the whole proposition, so that if the cost on one building is more than is specified and is less at another the money may be used.

The CHAIRMAN. The clerk advises me that the letter you referred to has not reached the committee yet. The Secretary of the Treasury has sent a letter here suggesting a change in the wording of the appropriation of \$18,600,000, so as to permit him to use it at any place. Now, if that request is granted, you will not need this at all, because that provision would permit the Secretary to use it on any Government building so as to provide additional space for ex-service men.

Mr. WETMORE. I suppose he could elect whether he would use the one appropriation or the other.

The CHAIRMAN. If he has ex-service men there, and I understand he has, he could use it.

Mr. WETMORE. The purpose is not to have the amount of the appropriation increased, but it is for the purpose of making it flexible, so that if we find that one building will cost less than the amount specified and another one more than the amount specified, we can use the appropriation where it is required. As it is now, we must do all or we can not use the appropriation. We can not pick out the buildings that we can do with this amount and let the others go. We must do the whole thing or nothing. The work in buildings is being tied up, because we are satisfied that some of the buildings can not be erected within the separate limits fixed for them, although the entire project can in each case be done within the total limit fixed.

The CHAIRMAN. The letter you have submitted may go into the record.

(The letter referred to is as follows:)

APRIL 16, 1921.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

SIR: I have the honor to submit herewith the following estimates of appropriation, with the recommendation that the same be given favorable consideration for inclusion in some bill to receive immediate attention of Congress:

"Chicago, Illinois, marine hospital: That so much of the act approved July 19, 1919, entitled 'An act making appropriations for sundry civil expenses of the

Government for the fiscal year ending June 30, 1920' (Forty-first Statutes, page 167), which reads as follows: 'Chicago, Illinois, marine hospital: For remodeling present building, \$50,000; medical officers' quarters, \$10,000; junior medical officers' quarters, \$12,000; pharmacists' and nurses' quarters, \$16,000; attendants' quarters, \$33,000; in all, \$121,000,' is hereby amended so as to read as follows: 'Chicago, Illinois, marine hospital: For remodeling present building, including installation of new heating and plumbing systems, and for the construction of such additional buildings, including mechanical equipment, approach work, and so forth, as is necessary to provide a modern hospital plant, \$121,000, plus the sum of \$50,000, which is hereby appropriated; in all, not to exceed \$171,000.'"

This estimate was submitted under date of December 8, 1920 (H. Doc. No. 911), with the following note:

"It is essential that the separate limitations now carried in the legislation be eliminated to enable the best results to be obtained, as it may be possible to perform one item of work for an amount less than the present limitations, while it might not be possible to construct another item exactly within the amount specified. To merge the items would enable contracts to be awarded for the accomplishment of the work in the most economical manner. In addition to the \$121,000 heretofore appropriated, the sum of \$50,000 is needed for certain new construction work and for the installation of a heating and plumbing system which is not provided for in the present legislation."

The foregoing suggested legislation failed of enactment at the last session of Congress, and the Public Health officials stress the importance of obtaining this appropriation at the earliest possible date.

"Mobile: That so much of the act approved July 19, 1919, entitled 'An act making appropriations for the sundry civil expenses of the Government for the fiscal year ending June 30, 1920 (Forty-first Statutes, page 167), which reads as follows: 'Mobile, Alabama, marine hospital: For remodeling present building, \$50,000; medical officers' quarters, \$10,000; in all, \$60,000,' is hereby amended so as to read as follows: 'Mobile, Alabama, marine hospital: For remodeling present building, and for such additional building, including mechanical equipment and approach work as necessary, \$60,000.'"

This estimate was submitted under date of December 8, 1920 (H. Doc. No. 911), with the following note:

"For the same reasons given in the note relative to the marine hospital, Chicago, Ill., the separate limitations should be merged."

The above item merely covers a change in phraseology, and involves no additional appropriation. This matter is of such importance as to demand attention at the earliest possible date.

Respectfully,

A. W. MELLON, *Secretary*.

MONDAY, MAY 2, 1921.

#### PUBLIC HEALTH SERVICE.

**STATEMENTS OF DR. C. H. LAVINDER, DR. J. W. SCHERESCHESKY, DR. A. J. McLAUGHLIN, DR. R. H. CREEL, DR. J. L. BUSBY, AND MR. A. M. WHEELER, Jr.**

The CHAIRMAN. You have allotted to you from the Bureau of War Risk Insurance \$33,364,300. You have not spent all of that, have you?

Dr. LAVINDER. Nearly all of it.

The CHAIRMAN. Have you enough to last you the balance of the fiscal year?

Dr. LAVINDER. No, sir.

The CHAIRMAN. How much will you need?

Mr. WHEELER. \$9,000,000 more.

The CHAIRMAN. Is the number of patients from the War Risk Insurance Bureau increasing in the Public Health hospitals?

Dr. LAVINDER. Yes, sir; the number is still increasing.

The CHAIRMAN. And you think you will really need \$9,000,000 more?

Dr. LAVINDER. Yes, sir; we are cutting it very close, Mr. Chairman.

Mr. WHEELER. It will be very hard to get along on \$9,000,000 more.

The CHAIRMAN. I just want to call your attention to the fact that from a statement that has been made to us by the Treasury Department you are spending \$3.66 per day per man for treating patients.

Dr. LAVINDER. In hospitals?

The CHAIRMAN. Yes; and the cost to the War Department of the patients that are treated as beneficiaries of the War Risk Bureau is \$2.71, Navy Department \$3, and the National Home for Disabled Soldiers \$2.28. You want to look well to your laurels.

Dr. LAVINDER. I realize that, Mr. Good, very much indeed, sir, but I would like to see an analysis of those costs before I say anything.

The CHAIRMAN. I have not seen the analysis myself, and I am just calling your attention to the fact because we discovered a number of years ago when we were building the Panama Canal that by calling attention to the building of locks where they were taking the cement down on the same boat and getting their sand and gravel from the same gravel pit, that it was costing one of the men who had charge of the work \$1 more per cubic yard for emplacement than it was costing the other, and after his attention was called to it, within two months he was the low man.

Dr. LAVINDER. Well, we are doing the best we can to reduce those expenditures.

The CHAIRMAN. Of course, we understand that in building up an organization of this kind quickly there are always unusual expenditures, but those things ought to be checked up in comparison with other services, and wherever expense can be eliminated without taking it out on the patient, that ought to be done.

Dr. LAVINDER. Certainly; I appreciate that, sir.

#### FOR MAINTENANCE OF HOME FOR LEPERS.

The CHAIRMAN. You are asking for \$80,000 for maintenance of the home for lepers. Is that for the balance of this year?

Dr. LAVINDER. Yes, sir.

The CHAIRMAN. How much of an appropriation did you have for this purpose?

Dr. LAVINDER. We had none. The appropriation was made in this way: There was an act passed in January, 1917, Public, No. 299, I think it was called, which appropriated \$250,000 for the purchase of the place, construction purposes, and current expenses for that year. The comptroller ruled that none of that money could be used for current expenditures after 1917. So when we took these buildings over in January of this year we paid it out of our other funds, and that is what we ask to be reimbursed for.

The CHAIRMAN. You want us now to give you some money under this item so you can spend it for something else?

Dr. LAVINDER. No, sir; we want to reimburse our funds which are in bad shape, before the close of the fiscal year; that is all. We did not allow for this.

The CHAIRMAN. Have you not the money for it, Doctor?

Dr. LAVINDER. I do not know, Mr. Good. We are running very close to the line on what we have.

The CHAIRMAN. What fund did you take this out of?

Dr. LAVINDER. We took it out of "Pay of personnel. etc."—the \$4,000,000 for marine hospital patients and care of marine hospitals, and so on.

The CHAIRMAN. What is the state of your balance in that fund?

Dr. LAVINDER. It is allotted up to \$3,993,860.

The CHAIRMAN. Are you running within your allotments?

Dr. LAVINDER. No, sir; we are not. This quarter, for instance, we have not allowed one penny for maintenance or construction repair work, and we have not allowed anything for purveying service at all.

The CHAIRMAN. This \$80,000 was included in the allotment?

Dr. LAVINDER. It is included in the allotment; yes, sir; but we had to cut out other things in order to make it.

The CHAIRMAN. Still, your total allotment was \$3,999,000, so if it is included in your allotment, you have \$1,000 to go on.

Dr. LAVINDER. Yes, sir; but we want \$80,000.

The CHAIRMAN. What would you do with it? If you are running within your allotment and this was included in your allotment, I do not see why you need any money at all.

Dr. LAVINDER. Mr. Good, in the fourth quarter allotment, when we made our allotments we did not make some of the allotments. For instance, we did not make any allotment at all for construction—that is, maintenance and repair work. We did not allow a penny for purveying service, and we have not the money now to buy anything for the purveying service. We got it simply by robbing other things, and we have spent all of our money, as closely as we can figure, and we would simply like to be reimbursed, because we did not anticipate this expenditure when we got this money. It is just a question of cutting out something else; that is all.

#### NUMBER OF PATIENTS.

The CHAIRMAN. Doctor, how many patients have you at this hospital?

Dr. LAVINDER. One hundred and twelve.

The CHAIRMAN. When did you open it?

Dr. LAVINDER. On January 3 of this year. I may say, Mr. Good, that we took over the place with 80 patients, and we have put in since then 32, which takes up our entire space, and the demands are simply enormous.

Construction work is going on and we expect to have about 70 more beds in the next two or three months which we could fill many times over. The appropriations for the coming year are totally inadequate to anything like taking care of what the burden of the place would be if we took care of the lepers now applying for relief. I do not think it is any exaggeration to say that we could fill up a 500-bed hospital in the next month if we had the space.

Mr. BUCHANAN. The number of them must be increasing in the country.

Dr. LAVINDER. The trouble is that they have never been assembled before. They are scattered everywhere and the people want to get rid of them. They are suffering and are in need of care and treatment, because the people put them in any place they can.

Mr. BUCHANAN. I understand that; but I wanted to know whether the number was increasing.

Dr. LAVINDER. No, sir; I think not. The estimates have been variably made. I think the number has been estimated at from 1,200 to 2,000 in this country. The demands on us have been enormous, and practically every State health officer has asked us to take some of these patients off his hands, and Senators and Representatives have asked us to take them; and we have had some War Risk Insurance patients with the disease. The soldiers' homes have asked us to take some, and it was the intention of Congress to assemble them, and we are anxious to do that.

#### COST PER PATIENT.

The CHAIRMAN. What is your rate of expenditure down there.

Dr. LAVINDER. I do not know that I could tell you exactly, Mr. Good. It runs about \$4 a day per patient. We are spending more money than that out there because we are spending some money out of this \$250,000.

The CHAIRMAN. Is not that a pretty high rate of expenditure for a class of patients where many of them are not bedridden?

Dr. LAVINDER. It will not run that high when we get going in good shape, but most of these patients are advanced cases that have been carried for some time and are bedridden and require the same treatment and attention that a bedridden patient usually requires. We have just got the place opened and have not got it completely organized.

The CHAIRMAN. We thought we appropriated very liberally for next year when we appropriated \$80,000, but you now say that you will want \$80,000 for six months.

Dr. LAVINDER. Mr. Good, I do not think you estimated liberally for next year. I thought it was very illiberal.

The CHAIRMAN. Did we not give you pretty nearly all you asked for?

Dr. LAVINDER. No. I did not like to express what I wanted, but you made me say something, so I made a guess at \$100,000, and then you included in that the personnel when I did not intend that amount to include the personnel, because that is always paid out of some other appropriation, which cut the amount down very sharply. The language of the law says \$100,000, including all the necessary personnel.

The CHAIRMAN. That is the language of the law?

Dr. LAVINDER. Yes, sir; in the sundry civil act for next year, which I did not anticipate, because we could have taken some of that personnel at least out of some other appropriation.

The CHAIRMAN. Still, that is the way the thing ought to be run. If \$80,000 is not enough, whatever amount is put in, in my opinion,

should include the personnel, so that you can know just what the thing is going to cost.

Dr. LAVINDER. I think that is sensible bookkeeping myself.

The CHAIRMAN. If it takes \$160,000, appropriate that amount, but appropriate so that you will have everything there and will not be robbing this bureau and that bureau, because I think your system of bookkeeping is very bad when you are charging a part of the maintenance or the operation of one plant to a half a dozen different organizations within your establishment.

Dr. LAVINDER. We have put in a cost accounting system of bookkeeping, Mr. Good, and I think we will pretty soon begin to get results. We can then analyze everything we spend at every hospital accurately. It took us a long time to get it straightened out, but I hope it will be straightened out before the next year. Our only idea in asking for this was to supplement our funds, which are in a pretty bad state, to carry us through this year, and then we would present to you a more comprehensive idea of what we thought the thing would cost.

It is filling up very rapidly, and we are trying to save an appropriation which is in a pretty bad fix. Another point is that the law provides 50 per cent more pay for the personnel here than in any other place.

#### NUMBER OF BEDS.

The CHAIRMAN. What is your bed capacity?

Dr. LAVINDER. One hundred and twelve now. We are filled up to the limit.

The CHAIRMAN. Of course, you can not take on more patients than you have bed capacity.

Dr. LAVINDER. We will have 70 more beds in the next few months under this construction that is now going on.

The CHAIRMAN. How much are you expending there?

Dr. LAVINDER. The total appropriation was \$250,000, and I think the buildings cost \$35,000, and the rest of it will be spent in construction work. Of course, we have got to lay down the basic things, power plant and certain utilities, and the mechanical equipment and all that sort of thing, and we will have to have medical officer's quarters because he has to live there, and therefore we will not get as many beds out of that as we will later. We will lay the basis now, and later on we will build up the number of beds to 500 on the basis we have laid out now.

The CHAIRMAN. Are you going to have an institution of that size?

Dr. LAVINDER. Yes, sir; I think it will be bigger than that. There are a number of them in the country.

#### METHOD OF TREATMENT.

Dr. McLAUGHLIN. The trouble is that the only ones they have received have been the bad cases that had already been diagnosed. For every one of those there are probably three or four light cases undiagnosed and now they are coming out of cover because they see hope of getting treatment. This new treatment has attracted a great many of them.

The CHAIRMAN. What is this new treatment?

Dr. SCHERESCHEWSKY. Chalmoogra oil made from the seed of an oriental tree was reputed for a good many years to be a remedy for leprosy, but it is pretty nauseous. Though given in capsules it caused a lot of stomach trouble, and so on. Then they tried injecting it, but it was very slow of absorption, was apt to be painful and to cause abscesses. In our work at Kalihi, in cooperation with the University of Hawaii, Dr. Dean, the president of the institution, worked out a derivative of this chalmoogra oil which could be injected without causing any pain and could be rapidly absorbed, and we have been using that.

Mr. BUCHANAN. I saw where they discharged 20 as completely cured over there the other day.

Dr. SCHERESCHEWSKY. The number was more than that, 64. Of course, we do not know that they are completely cured. Newspaper accounts are apt to be enthusiastic, but here is the way it was done. When a patient progresses at that place to apparent recovery, we then call in a disinterested board to pass on his condition, and then it is for the board to determine whether he should be paroled or not. This board did consent to the paroling of 62 of these cases. They are allowed to go out and have their freedom, but they must report every so often so that they can be examined to see that they are still free from the disease, and they also receive prophylactic treatment from time to time. We can not tell for five or six years whether they are actually cured or not.

The CHAIRMAN. But you have paroled 64.

Dr. SCHERESCHEWSKY. We have paroled more than that. We have paroled 142 in all.

The CHAIRMAN. From this leprosarium?

Dr. SCHERESCHEWSKY. That was from the one at Kalihi, in the Hawaiian Islands. Of course, there is some possibility that the strain of leprosy there is less resistant to treatment than the leprosy we have in the United States. Another thing is that the fact we have been using this treatment has been pretty well noised abroad there in Hawaii; and formerly, you know, the lepers used to evade the authorities when they sought to put them in the leprosarium, but now they come forward voluntarily. The result is we have had a lot of favorable cases—incipient cases—to treat. Of course, if you are going to get a cure you are going to get it in a mild case or an incipient case a great deal more readily than in the case of a patient who has had leprosy for 25 or 30 years. Therefore, while we say the treatment is very encouraging, I think probably the newspapers have been a little too enthusiastic about it.

Mr. BUCHANAN. The fact that they have been put on parole shows that they are greatly improved and that there is some virtue in the treatment.

Dr. SCHERESCHEWSKY. Oh, yes; they are well so far as you can determine by examination at the time, and we feel very much encouraged about it. We have just detailed to that institution one of our officers who is a very competent laboratory and clinical man, and we expect to have him make minute observations on this treatment for the next two or three years. Of course, then we will be able to give an authoritative announcement, but you can not tell definitely whether



a person is actually cured of leprosy until a period of years has elapsed.

The CHAIRMAN. Is there any way you can estimate the length of time the treatment will require?

Dr. SCHERESCHEWSKY. I can say that the longest case, of the 64 that we recently paroled, had been under treatment for two years and three months, and the shortest one had been under treatment for about nine months; but I want to say that I would only expect results in the treatment of cases which were either moderate or more or less incipient. I do not think they would be able to cure persons who had leprosy for years and years, had extensive lesions of all the tissues of the body, the loss of limbs, features, and so on; I would not think that they would be able to cure them under those conditions.

The CHAIRMAN. From what institution were these 62 paroled?

Dr. SCHERESCHEWSKY. They were paroled from this detention institution at Kalihi, which is near Honolulu.

The CHAIRMAN. None of them were on the mainland?

Dr. SCHERESCHEWSKY. They were on the mainland; yes.

The CHAIRMAN. I mean the United States?

Dr. SCHERESCHEWSKY. No; they were in the Hawaiian Islands. You see, we once had a leprosy investigation station there and afterwards it was transferred to this detention station. The detention station is operated by the Territorial authorities, but we supervise and furnish treatment and also make such studies of leprosy as we care to undertake.

#### FOR PREVENTION OF EPIDEMICS.

The CHAIRMAN. For the prevention of epidemics you are asking \$309,000, and you have had \$805,000. What is the state of your balances?

Dr. CREEL. Mr. Chairman, this covers unusual and unexpected expenditures in connection, in part, with the prevention of the introduction of typhus, and in part the operation of the New York quarantine station. The estimate is based on the expenditure in the month of March, multiplied by four. The monthly expenditure was \$1,000 at Cape Charles, \$10,000 at Boston, \$2,500 for the pay of medical officers at European ports, and a total of approximately \$63,000 for the operation of the New York quarantine station, including personnel and all expenditures. I may say that while the cost of the New York quarantine station was \$63,537 for the month of March, the Government was reimbursed \$118,000.

The CHAIRMAN. Was that just for the work during that month or did that include the collections?

Dr. CREEL. It included all reimbursements at New York for that one month only; in other words, we can expect a reimbursement for the four months which this deficiency covers of at least \$100,000 more than the appropriation requested.

The CHAIRMAN. Those collections go into the Treasury as miscellaneous receipts, do they?

Dr. CREEL. Yes, sir. Now, we anticipated that it would be possible to use the collections for the operation of the station, but the

comptroller has ruled otherwise. No estimate was presented for the operation of the New York Quarantine Station for the current fiscal year because we had no idea when the station would be transferred and, therefore, we had nothing on which to base the cost of operation.

The CHAIRMAN. How much do you estimate will be required for the operation of the New York Quarantine Station for the next two months?

Dr. CREEL. Well, we estimated \$255,000 for March, April, May, and June, based on the March expenditure. Mr. Chairman, I said the expenditures would be exceeded by \$100,000 in fees received; it will probably be exceeded by \$200,000; the receipts at the New York Quarantine Station will probably exceed operating costs by \$200,000.

#### REVENUES DERIVED FROM QUARANTINE STATIONS.

The CHAIRMAN. What did you do in the way of fixing the scale of charges—take the old rates?

Dr. CREEL. That is what the law provided.

The CHAIRMAN. And that is what you did?

Dr. CREEL. Yes, sir.

The CHAIRMAN. What are you doing at other ports?

Dr. CREEL. That question came up a year ago and it was referred to the solicitor, and he rendered a decision that the Secretary had no authority to fix charges for performance of public services unless it was so specifically provided for by law.

The CHAIRMAN. So you are not charging?

Dr. CREEL. No; except for fumigation, as provided by law at other ports.

The CHAIRMAN. How much revenue would you get in a year if we should authorize the Secretary of the Treasury to fix the fees to be charged at other ports the same as he has the right to fix fees, within certain limitations, at New York?

Dr. CREEL. I could not say offhand, but it would be very much less.

The CHAIRMAN. But it would be a considerable sum?

Dr. CREEL. It would probably be a very substantial sum. However, the New York station provides certain revenues that would not be obtained at other stations, like Norfolk and Baltimore, where they have no steerage passengers to handle; the fees at these other stations would be those pertaining to the inspection of vessels, and that is quite a small item.

The CHAIRMAN. Will you prepare a draft of such provision as may be necessary to give the Secretary of the Treasury authority to make collections?

Dr. CREEL. We tried to put that in at the time Congress provided for the purchase of the New York station, but it went out on a point of order.

The CHAIRMAN. I know, and there are many things in this bill which will require a rule if we are going to get them through, and if we are going to get authority to pay out money I would like to put something in the bill which will enable the Government to get some money into the Treasury. We ought not to overlook that source of revenue simply because one or two Senators object to it, and I know

of no reason why a law of this kind should not go on the statute books.

Dr. CREEL. You want such a provision for insertion in this legislation?

The CHAIRMAN. Yes. I wish you would look over the draft submitted before, and if it will answer insert it as a note in the hearings.

Dr. CREEL. Very well.

PROPOSED AUTHORITY FOR COLLECTION OF FEES AT QUARANTINE STATIONS.

Hereafter the cost of services rendered at national quarantine stations shall be charged vessels at rates to be fixed by the Secretary of the Treasury.

The CHAIRMAN. I think it went out before, because we tried to establish the same rates for the ports at which we have quarantine stations as we established at New York, and I am not so sure that that would be a fair measure in determining the charges. However, if we give the Secretary of the Treasury power to establish such rates as may be fair and reasonable, considering the service rendered at these other places, it would seem to me that that would cover the situation.

Dr. CREEL. I rather think so. Of course, as you say, the charge at all the other ports, based on the same standard as at New York, would not be fair, because the probable cost to the Government would be less.

The CHAIRMAN. That was one of the objections raised on the floor of the House and I thought it had merit, as far as I knew, but I knew so little about the details.

Dr. CREEL. \$255,000 is for the New York station; that would leave \$4,000 for the pay of additional employees at the Cape Charles quarantine station, \$40,000 at Boston, and \$10,000 for medical officers at United States consulates in foreign countries.

The CHAIRMAN. When we gave you this last deficiency I thought you had all of these items in it?

Dr. CREEL. No, sir; there was nothing in it for typhus.

The CHAIRMAN. You had something in it for the New York quarantine station?

Dr. CREEL. No; there has been no deficiency for the operation of that station.

The CHAIRMAN. Then it was in the original \$500,000; it was in some place, certainly.

Dr. CREEL. Not that I know of. Dr. McLaughlin defended the item before.

The CHAIRMAN. Has not Dr. McLaughlin been spending some of this money for catching rats that you intended originally for New York?

Dr. McLAUGHLIN. No; it has been the other way around; these other chiefs of divisions have been able to dip into it so that I can not tell what I have or when I have it, and that is the condition we are trying to correct. My machine is cut in two, because I am now only spending \$50,000 a month. Last August and September I was spending at the rate of about \$100,000 a month, but now I am spending at the rate of about \$50,000 a month.

The CHAIRMAN. That was about your estimate?

Dr. McLAUGHLIN. No; \$50,000 a month is about \$600,000.

The CHAIRMAN. My recollection is that you thought conditions would be such at some of these southern ports before the end of this fiscal year that a reduction could be made.

Dr. McLAUGHLIN. That is so if we had no new infections, and we have had no new infections, but we may have them from week to week; we never can tell. As a matter of fact, we have cut them down; we cut them down to about \$50,000 a month. However, that is entirely independent of this quarantine matter.

The CHAIRMAN. It all comes out of the same fund?

Dr. McLAUGHLIN. But there is nothing left in that fund. There is less than \$70,000 left in that fund right now, so that you see we are up against it right now. In spite of that, I think I can run until the 15th of June, but for the rest of the time, or 15 days, we will have to quit, because I would not ask for a deficiency for 15 days. That is the way I felt about it. If Dr. Creel can take care of his quarantine matters and the people in foreign ports, so that I may know what is left to carry my plague machine, I will try to get through to the 1st of July.

The CHAIRMAN. I think you have made a good showing so far as the quarantine station at New York is concerned, and when a department makes a showing of that kind I think it is entitled to credit for it.

Dr. CREEL. We could have made a better report if we had had more adequate facilities on Hoffmans Island; we had to detain several ships so as to keep the passengers and crews on them, whereas if we had had sufficient buildings we could have made a greater profit. Hoffmans Island was filled to capacity all during the month of March, and if we had had double the capacity we probably could have doubled the profit; in other words, several ships were held out in the stream in order to house and take care of their passengers and crews for 20 days at a time.

The CHAIRMAN. Did you give the amount you have left in your appropriation?

Dr. CREEL. I have simply presented that figure of \$309,000 as representing the estimated expenditure for the four months—March, April, May, and June—charged to the prevention and introduction of typhus and the operation of the New York quarantine station. I have not the actual figures as to the state of the appropriation "Prevention of epidemics."

The CHAIRMAN. You may have that floating around somewhere in your funds.

Dr. CREEL. I do not think so. This is all chargeable to the prevention of epidemics. I think we can insert in the hearing, if you desire, the state of the appropriation up to March 1, and the probable expenditures from it for other purposes.

The CHAIRMAN. You see, for all purposes you have \$805,000 for the year. Now, we do not know so very much about how you have allotted it, and for all I know you have enough money left out of that appropriation to pay for all these services.

Dr. McLAUGHLIN. According to my figures, we had \$135,000 left on the 1st of April, but we failed to take into account moneys that were spent by other division chiefs, and what we had on April 20 was about \$72,000.

The CHAIRMAN. That is, in your fund?

Dr. McLAUGHLIN. In the entire epidemic fund.

The CHAIRMAN. That is a good deal.

Dr. McLAUGHLIN. It will last my division a month and a half, just six weeks, for plague work alone.

The CHAIRMAN. I wish you would put in the record the allotment to each of the services totaling \$805,000, and then show the unexpended balance in each of the allotments as of May 1. Then we can see just where you are financially as an organization. Now, you may not have enough or you may have too much; I do not know.

Dr. McLAUGHLIN. I am telling you that the entire epidemic fund on April 20 had about \$72,000 left in it. It is one fund, an epidemic fund. We received \$350,000 in the regular sundry civil bill and got a deficiency appropriation of \$450,000.

The CHAIRMAN. That relates to the epidemic fund?

Dr. McLAUGHLIN. Yes, sir.

The CHAIRMAN. Then you have the quarantine fund.

Dr. CREEL. But that is not applicable to these expenditures.

The CHAIRMAN. But you are using it.

Dr. CREEL. No, sir; this is being used out of the epidemic fund.

Dr. McLAUGHLIN. The epidemic fund is the only one out of which he can pay these things.

The CHAIRMAN. Do you mean to say you have spent all of your money up to this time except \$70,000?

Dr. McLAUGHLIN. All of the \$805,000; yes, sir.

The CHAIRMAN. Well, that is at the rate of \$80,000 a month.

Dr. McLAUGHLIN. I was spending \$100,000 a month in the first two months of the year.

The CHAIRMAN. If you spent \$80,000 during the last 10 months and you need twice that amount that would make \$160,000; then you have \$70,000 and your \$90,000 for the rest of the year.

Dr. McLAUGHLIN. But my work should not be included in quarantine at all.

The CHAIRMAN. But the quarantine work has been included in this other expenditure?

Dr. McLAUGHLIN. Give him the \$309,000 for which he is asking, and give me \$90,000, and then I will have enough money.

The CHAIRMAN. You said a moment ago that it was all in one fund.

Dr. McLAUGHLIN. It would all be in one fund; yes.

The CHAIRMAN. You have included the operation of the New York quarantine station in the \$805,000, have you not?

Dr. CREEL. Yes, sir.

The CHAIRMAN. For all the year?

Dr. CREEL. No; only since the 1st of March; it was transferred on the 1st of March. We never knew until practically a week before the transfer occurred when they were going to complete the investigation and reach a decision as to the transfer of the property. It was in the hands of the Attorney General.

The CHAIRMAN. For the quarantine station at New York you spent during the month of March \$63,537?

Dr. CREEL. Yes, sir.

The CHAIRMAN. You spent at Cape Charles \$1,000, at Boston \$10,000, and then you had another expenditure of \$2,500.

Dr. CREEL. For medical personnel in foreign countries attached to American consulates.

Mr. BUCHANAN. That is \$77,000 for one month.

The CHAIRMAN. And now you need twice that much?

Dr. CREEL. Four times that much. This prospective deficiency takes into consideration March, April, May, and June.

The CHAIRMAN. You have already covered one month; so that you need three times as much?

Dr. CREEL. No; four times that much.

Mr. BUCHANAN. This is the expenditure for March.

Dr. CREEL. That covers the March expenditures; yes.

Dr. McLAUGHLIN. If they had not dipped in on that fund I would have got through without any trouble, but now I am going to be shy.

The CHAIRMAN. You will have \$70,000 for two months, but if we go to work and replenish what he has paid out in March and April we would give you \$140,000, would we not?

Dr. CREEL. Mr. Chairman, if I put in the record the state of the appropriation on March 1, the estimated expenditures for plague eradicating work, together with an estimate of the expenditures we have submitted here, you will have a fair idea of the situation.

On March 1, there was an available balance in the appropriation "Preventing the spread of epidemic diseases" of approximately \$214,000. The prospective charges against this balance include the operating expenses of plague eradication work in Pensacola, New Orleans, Beaumont, Galveston, and California at a current rate of \$55,000 per month. From these figures it will be noted that the available balance of the appropriation "Preventing the spread of epidemic diseases" as of March 1, 1921, was barely sufficient for the continuance of plague eradication measures on the present necessary scale of operation.

The CHAIRMAN. How does it happen that you are making expenditures at Boston and Cape Charles out of this appropriation when they are provided for in the regular appropriations?

Dr. CREEL. These are for salaries, while the maintenance of quarantine says exclusive of salaries.

The CHAIRMAN. But is not that included in the regular appropriation of \$255,000?

Dr. CREEL. Exclusive of the payment of salaries. This was an extraordinary and unforeseen expenditure.

The CHAIRMAN. On account of typhus?

Dr. CREEL. Yes, sir.

The CHAIRMAN. Will that continue for the next two months?

Dr. CREEL. I am quite positive it will; there is no reason to assume it will not. It will probably not continue indefinitely, of course, but we have no reason to assume, under the present condition of affairs in Europe, that there will be any material curtailment before the 1st of July.

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TUESDAY, MAY 3, 1921.

**STATEMENTS OF COMMODORE WILLIAM E. REYNOLDS, COMMANDANT, COAST GUARD; MR. E. H. JEMISON, ASSISTANT SUPERINTENDENT; AND MR. J. C. HAIR, BOOKKEEPER, TREASURY DEPARTMENT.**

THE COAST GUARD—FOR PURCHASE OF FILE HOLDERS AND FILE CASES.

The CHAIRMAN. You are asking \$4,500 for the purchase of file holders and file cases for the use of the Coast Guard and the accounting bureaus of the department.

Commodore REYNOLDS. \$3,552.46 is our estimate.

The CHAIRMAN. That is the amount desired by the Coast Guard?

Commodore REYNOLDS. Yes, sir.

The CHAIRMAN. What is the necessity for the purchase of these file cases?

Commodore REYNOLDS. Our file cases have become very much congested, so much so that it is difficult to get papers desired for reference, and it is a great loss of time.

The CHAIRMAN. You would hardly be able to get these file cases before the end of the fiscal year.

Commodore REYNOLDS. We will suffer under a disadvantage until we do get them. The files have been congested for some time, and we are unable to purchase file cases out of our appropriation.

The CHAIRMAN. Why? Is it not large enough?

Commodore REYNOLDS. We are not permitted to purchase them, according to the ruling of the comptroller.

The CHAIRMAN. Suppose we gave you authority, would you have the money?

Commodore REYNOLDS. No, sir.

The CHAIRMAN. Then, there are two reasons?

Commodore REYNOLDS. Yes, sir.

The CHAIRMAN. One is the lack of authority and the other is the lack of money, even if you had the power.

Commodore REYNOLDS. Yes. We did not make provision for it in our estimates for the year, knowing that the Treasury had to supply them.

The CHAIRMAN. Are these to be steel cases?

Commodore REYNOLDS. Most of them are wooden cases; we are asking for a few steel cases for special purposes.

The CHAIRMAN. Are these cases for the Washington office?

Commodore REYNOLDS. Yes, sir.

The CHAIRMAN. Suppose there should be some realignment with regard to the place the Coast Guard should finally have? Suppose you were placed in the Navy Department or some other department; in that event you might find file cases there.

Commodore REYNOLDS. Possibly, sir; I can not say about that; but we need them now.

The CHAIRMAN. How long could you go without these cases?

Commodore REYNOLDS. We have been in urgent need of more file cases for some time, and we should have a number of them at once.

The CHAIRMAN. None of these are for your field work?

Commodore REYNOLDS. No, sir; they are not to be placed outside.

The CHAIRMAN. You say these are to be wooden file cases?

Commodore REYNOLDS. With a few exceptions; yes.

The CHAIRMAN. Are they just shelves?

Commodore REYNOLDS. No, sir; these are regular file cases.

The CHAIRMAN. Such as the Globe file cases or something of that kind?

Commodore REYNOLDS. Yes, sir; with four drawers in each case. They are for vertical filing.

The CHAIRMAN. That is for filing letters and reports?

Commodore REYNOLDS. Yes; all correspondence.

The CHAIRMAN. How long do you keep your correspondence in live file cases?

Commodore REYNOLDS. We have them now for approximately 11 years.

The CHAIRMAN. You do not need to keep them in live file cases that long, do you?

Commodore REYNOLDS. We have frequent calls for information that is in those files, and even further back than that, and then we have to send to the storage place, which is on E Street between Ninth and Tenth, and it requires a file clerk to go down there to get them out. We have frequent calls even for information in the files for years and years back.

The CHAIRMAN. Of what nature?

Commodore REYNOLDS. Principally in regard to men and their history, where they served, and during what periods. A great many of the applications come from Senators and Members of Congress, and some from outside.

The CHAIRMAN. For what purpose do you want the balance of the amount asked?

Commodore REYNOLDS. That is all for which we have asked; it is all for our office.

The CHAIRMAN. But there is about \$1,000 additional.

Mr. JEMISON. That is for the accounting officers.

The CHAIRMAN. Do you want file cases for them?

Mr. JEMISON. No; just file boards.

The CHAIRMAN. What sort of boards?

Mr. JEMISON. They are for the Auditor for the Navy Department and the Auditor of the War Department; they tie up their files to these boards.

Mr. HAIR. This is the sort of a board [indicating] which they use to back up their accounts.

Mr. JEMISON. We asked for a deficiency of \$6,000, and you gave us \$3,000, and now the comptroller wants \$1,000 more. We have requisitions on hand for these file boards amounting to \$1,100, which they say they need for efficient service.

The CHAIRMAN. Where do you get those boards?

Mr. JEMISON. We get competitive bids from the mills here in Washington.

The CHAIRMAN. What is your expense per year for boards of that kind?

Mr. HAIR. I can get those figures from the books, but I would judge that for the Auditor of the Navy and Auditor of the War Department—I believe the Auditor of the Treasury Department does not use these boards—from 50,000 to 75,000 of these boards are required a year.

The CHAIRMAN. Do you file them away?

Mr. HAIR. Yes.

Mr. JEMISON. They put their files up on shelves.

The CHAIRMAN. Between two boards?

Mr. JEMISON. Yes.

The CHAIRMAN. Is that any better than heavy pasteboard?

Mr. JEMISON. They claim so; yes, sir.



The CHAIRMAN. The boards are more expensive, are they not?

Mr. JEMISON. No; not a great deal; but the boards do cost a little more.

Mr. HAIR. Ten thousand of these boards will cost approximately \$300, and that will be about 3 cents each.

The CHAIRMAN. Did you ever get bids for those boards outside of Washington?

Mr. JEMISON. Yes, sir; they were on the schedule for a year or two, but they are not on the schedule this year, because there were no bids or awards made.

Mr. HAIR. These two auditors now have requisitions in for these boards, the Auditor for the War Department desiring 10,000 of the boards for immediate use and the Auditor for the Navy Department 20,000, as well as 200 file boxes, which will cost approximately \$1 each.

The CHAIRMAN. You are not asking for the boxes?

Mr. HAIR. Yes; they want those, too, and they are in addition to the 30,000 boards.

The CHAIRMAN. We only have an estimate before us of \$4,500 for the purchase of file holders and file cases for use of the Coast Guard and the accounting bureaus of the department. If the Coast Guard's estimate is \$3,552 and your estimate is \$1,000, that makes \$4,552 without any boxes at all. How much do you want for boxes?

Mr. JEMISON. For file boards and boxes, \$1,000.

The CHAIRMAN. I thought you said \$1,000 for the boards and an additional amount for boxes.

Mr. JEMISON. No.

Mr. BUCHANAN. Do all the auditors use those boards?

Mr. HAIR. I think these two auditors are the only ones that use them so extensively.

Mr. BUCHANAN. How do the other auditors get along without those boards?

Mr. JEMISON. All of the auditors use them, but the Auditor for the Navy Department and the Auditor for the War Department have been the heaviest users this past year.

Mr. BUCHANAN. Does the Auditor for the Treasury Department use them?

Mr. JEMISON. Yes, sir; and also the Auditor for the Interior Department.

Mr. BUCHANAN. The only purpose of these boards is to attach papers to them and then put them up on shelves—is that it?

Mr. JEMISON. Yes, sir.

Mr. BUCHANAN. That is the only purpose?

Mr. JEMISON. Yes, sir.

Mr. BUCHANAN. Are they open shelves?

Mr. JEMISON. Yes; open shelves, and then they mark on the face of those boards the files that are in that package.

Mr. BUCHANAN. Do the boards rest down that way on the shelves [indicating]?

Mr. HAIR. No, sir; they stand up this way [indicating].

WEDNESDAY, MAY 4, 1921.

## WAR DEPARTMENT.

STATEMENT OF BRIG. GEN. H. M. LORD, CHIEF OF FINANCE,  
AND COL. T. L. SMITH, FINANCE DEPARTMENT, UNITED  
STATES ARMY.

## SHILOH NATIONAL MILITARY PARK—PAY OF COMMISSIONERS.

The CHAIRMAN. You are asking a deficiency appropriation of \$3,000 for Shiloh National Military Park. This is a supplemental estimate for 1922.

Col. SMITH. Yes, sir. I would like to explain one or two features in connection with that estimate. In the hearings on the 1921 bill, it was stated on page 906 that the commissioner had died. He died in the interim between the preparation of the estimates and their presentation to this committee. Mr. Parker, who made the statement, told you that you accordingly might reduce the appropriation for 1921 by \$3,000, and that you did.

When the estimates for 1922 were presented, I again told you that the commissioner had died in January, 1920, and immediately the question of additional pay for the director came up. In the course of your questioning, I stated that he presumably was performing the duties that in prior years had been performed by the commissioner, and that in part accounted for the \$4,000 salary it was proposed to give him. You added that this feature would be taken care of, and that not more than \$3,000 would be paid. What you did in providing funds for the parks for 1922 was to reduce the appropriation still further by \$3,000, so that the appropriation for 1922 is \$3,000 less than the appropriation made for 1921, and it is \$6,000 less than any appropriation that you have made for the park for the last 10 years, with the exception of 1921. In other words, the amount thus far authorized for the ensuing fiscal year is \$6,000 less than appropriated in any of the prewar years.

The CHAIRMAN. Do you mean for next year?

Col. SMITH. Yes, sir; for 1922 the appropriation is \$6,000 less than any appropriation made within the last ten years, with the exception of the one for 1921. It would look as if some misunderstanding had occurred.

The CHAIRMAN. My recollection is that you have no right, even if those words were carried in the appropriation act, to appoint a commissioner upon the death of the commissioner.

Col. SMITH. That was not done, nor was any money expended for the pay of a commissioner.

The CHAIRMAN. But you appointed a director at the same pay.

Col. SMITH. They gave him \$4,000 per annum.

The CHAIRMAN. What authority did you have to do that?

Col. SMITH. Inasmuch as the appropriation was a lump-sum appropriation and did not fix any limitation upon the salaries, perhaps the Secretary of War had that authority, but I am not in a position to speak authoritatively on the matter.

Mr. BYRNS. But there is no limitation?

Col. SMITH. There is no limitation in the appropriation for 1921.

Mr. BYRNS. There was no limitation prior to the enactment of the last bill?

Col. SMITH. No, sir; and he only drew the salary from January of the present year at the rate of \$4,000 per annum. You have provided, in the language of the appropriation act, that he shall not draw a salary in excess of \$3,000 during the fiscal year 1922.

Mr. BYRNS. The commissioner's duties, or part of them, were assumed by the superintendent, were they not? By reason of the death of the commissioner, would he not have heavier responsibilities?

Col. SMITH. I think that would follow, because he is the mainstay and looks after everything at the park. I am not prepared to discuss the question of whether or not there was any real authority to appoint him at that salary, but I do wish to bring out the cogent fact that the appropriation for 1922 is \$6,000 less than the appropriation of two years before, and the only difference between the condition now and then is that you have one commissioner less, whose salary was \$3,000. Therefore, it would look as if you should not have reduced the appropriation more than \$3,000, going upon the assumption that the prior appropriation was about what it should have been.

The CHAIRMAN. Here is the language of the sundry civil act approved August 24, 1912:

Hereafter vacancies occurring by death or resignation in the membership of the several commissions in charge of national military parks shall not be filled, and the duties of the offices thus vacated shall devolve upon the remaining commissioners or commissioner for each of said parks.

Col. SMITH. Yes, sir.

The CHAIRMAN. You certainly must have made some other economies, because upon the death of this commissioner you created a new office.

Col. SMITH. No, sir. It was a new office in one sense of the word—that is, the superintendent was styled a director, and his salary was increased to \$4,000.

The CHAIRMAN. What was the superintendent's salary before?

Col. SMITH. I think it was \$3,000. I would have to verify that from the estimates.

NOTE.—The records show that his salary in 1920 was \$3,000.

The CHAIRMAN. Where does the superintendent live?

Col. SMITH. It is my understanding that he lives right in the park.

The CHAIRMAN. His house is furnished by the Government?

Col. SMITH. I think so. I have a letter from him on the subject of this supplemental estimate. In it he states that, in his opinion, there was a misapprehension on the part of the committee in regard to the appropriation. I would like to have that letter inserted as a part of the record.

(The letter referred to is as follows:)

WAR DEPARTMENT,  
OFFICE OF SHILOH NATIONAL MILITARY PARK.  
*Pittsburg Landing, Tenn., April 23, 1921.*

From: Director Shiloh National Military Park.

To: Assistant and chief clerk, War Department, Washington, D. C.

Subject: Deficiency estimate.

1. In regard to the item of \$3,000, which this office hopes to see included in the forthcoming deficiency estimate, the director would respectfully state that the amount

was cut from the original estimate for this park for the fiscal year 1922 on account of a misunderstanding of facts by the House committee.

2. It seems that the committee was under the impression that the estimate included an item of \$3,000 covering the salary of a commissioner, and that the commissioner had died after the estimate was submitted, but such was not the case, as the death of the commissioner occurred prior to the drawing of the estimate, and the item, which had appeared in previous estimates, was eliminated from the estimate for the year 1922.

3. The director is of the opinion that the misunderstanding was due to the fact that in stating the estimate for 1922 this office was required to show expenditures for the year 1920, in which the item covering commissioner's salary appeared; but by reference to the estimate it will be seen that while the item appears in the column for 1920, it does not appear in the column for 1922.

4. The restoration of the \$3,000 cut from the estimate is necessary to bring the appropriation up to the most economical requirements of operation and to an equality with the appropriation for the current year.

DE LONG RICE,

*Director Shiloh National Military Park.*

The CHAIRMAN. Every time we change the name of an officer of this kind it costs money.

Col. SMITH. While not having anything really to do with the park, I certainly felt it incumbent upon me to call attention to the increase. It was I who called your attention to it. The hearings this year, on page 1030, show that I called attention specifically to the proposed increase in salary.

The CHAIRMAN. Are there any remaining commissioners there?

Col. SMITH. No, sir; the last commissioner died in January, 1920, which was prior to the consideration of the estimates for 1921.

The CHAIRMAN. In 1912, when this sundry civil bill, which was approved August 24, 1912, was adopted, how many commissioners did you have?

Col. SMITH. I would like to look that up and insert my answer in the record. I have no connection with the park, other than to make this presentation, which is based upon facts furnished by the superintendent and those who have to do with the preparation of the estimates.

NOTE.—The records show that there were three commissioners in 1912. They have died since on dates as follows: Gen. D. W. Duke, on September 6, 1916; Maj. D. W. Reed, on September 22, 1916; and Maj. J. H. Ashcraft, on January 19, 1920.

Mr. BYRNS. Do I understand that the superintendent of the park there now, in addition to his former duties and responsibilities, has duties and responsibilities which were assumed by the commissioner before he died in 1920?

Col. SMITH. Yes, sir; those duties would naturally devolve upon him now.

Mr. BYRNS. The commissioner, of course, was not a resident commissioner?

Col. SMITH. No, sir.

Mr. BYRNS. But he did have certain responsibilities to the department for the conduct of the park?

Col. SMITH. Yes, sir.

Mr. BYRNS. And also certain duties of supervision?

Col. SMITH. Yes, sir.

Mr. BYRNS. That has all been taken over by the present superintendent or director?

Col. SMITH. Yes, sir. Moreover, no request is being made for the \$1,000 additional for the director next year, but it is proposed that he shall have \$3,000 only.

Mr. BYRNS. This is not for his salary?

Col. SMITH. \$3,000 is. This makes the appropriation for 1922 on the same basis as it has been in prior years. The only item you eliminated in the appropriation for 1921 is the pay of a commissioner at \$3,000, and it would be reasonable to suppose that the appropriation for 1922 ought to be the same as the old appropriation less \$3,000.

Mr. BUCHANAN. Perhaps it has always been too large.

Col. SMITH. That may be, but if you will compare the size of this park with others, I think you are going to find, considering the acreage and the length of the roadways, that it really shows up more favorably than any of them.

The CHAIRMAN. My impression has been that those commissioners were a sort of nuisance, so far as performing any real service at the parks was concerned, and that they were practically pensioners.

Col. SMITH. Of course, the law provided for them.

The CHAIRMAN. And the law provided that when they died the offices should not be filled. That was upon the theory that they were performing no real service.

Col. SMITH. There is something in that.

The CHAIRMAN. My impression was that the superintendents, so far as the duties at the parks were concerned, were somewhat relieved when they did not have to be bothered with those commissioners, who did not pay much attention to the parks, their only duties being to draw their salaries.

Col. SMITH. Conceding everything just as you say, let me point out the fact that we are not asking for \$1,000 additional. That has been dropped from consideration.

The CHAIRMAN. You do not propose to give him more than \$3,000?

Col. SMITH. That is all.

The CHAIRMAN. He will not get the \$4,000 that he formerly received?

Col. SMITH. We are not asking for that. You have specifically provided in the language of the appropriation for 1922 that no one shall be paid a salary in excess of \$3,000.

The CHAIRMAN. It seems to me that was a wise provision.

Mr. BYRNS. The suggestion has been made that possibly the appropriations for this park were too large in the beginning. They never have been anything like the estimates to the committees, have they?

Col. SMITH. I think they have been. I think that in some of the recent years you have given about what was requested.

Mr. BYRNS. I have reference to the last two or three years. The director has always asked for more money than he got, except, possibly, last year.

Col. SMITH. I think you are right about that.

Mr. BYRNS. He asked more than he got for building roads, for the payment of labor, etc.?

Col. SMITH. Yes, sir; I think that is correct.

Mr. BYRNS. The present director has been active in building roads down there in the park, as I happen to know.

Col. SMITH. Yes, sir; he has.

Mr. BYRNS. As you have stated, there is quite a territory to be covered.

Col. SMITH. Yes, sir; it is a big park. Full data in respect to it will be found in the 1922 hearings on page 1034. You can, from the table shown on that page readily compare this park with the other national parks.

Mr. BYRNS. I happen to know the director personally, and I know that he is a very competent man.

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WEDNESDAY, MAY 4, 1921.

SEARCHLIGHT MIRROR CONTRACT.

STATEMENT OF MAJ. GLEN E. EDGERTON, CORPS OF ENGINEERS.

The CHAIRMAN. You are asking that the deficiency bill carry the following language:

The sum of \$110,000 of the unexpended balance of the appropriation "Engineer operations in the field, 1919," shall remain upon the books of the Treasury to the credit of this appropriation until June 30, 1922, to permit payments to be made to the Pittsburgh Plate Glass Co. for searchlight mirrors under its contract therefor dated July 30, 1918.

Maj. EDGERTON. We are not asking for any additional appropriation, and, whether or not this language is incorporated in the law, the obligation has been incurred and will eventually have to be paid by the Government. We are only asking this language in order that the administrative officers of the War Department may settle this account and save the Pittsburgh Plate Glass Co. and the United States the expense of a suit in the Court of Claims. On July 30, 1918, the engineer depot, operating under the Chief of Engineers, issued an order for 100 60-inch searchlight mirrors, at \$1,100 each, to the Pittsburgh Plate Glass Co. Previous to this time all searchlight mirrors had been furnished the War Department by the Bausch & Lomb Optical Co., who make their mirrors by means of a secret process, the exact details of which are not known to the War Department, but I understand that it involves hand grinding. The Pittsburgh Plate Glass Co. is the largest manufacturer in this country of optical glasses. They desired to enter this field, and they represented to the purchasing officer in the engineer depot that they would be able to develop a process of mechanical grinding of searchlight mirrors that would eventually enable them to produce mirrors at a cost of about \$500 each, and at the rate of from 6 to 12 per week. The Bausch & Lomb Co. had been furnishing us mirrors for in the neighborhood of \$1,100 each, and they were able to produce them at the rate of about two or three per week.

The CHAIRMAN. How much were you to pay for them?

Maj. EDGERTON. \$1,100 apiece for 100.

Mr. BUCHANAN. That was the old cost.

Maj. EDGERTON. We paid just the same, or practically the same, for this contract that we had been paying the Bausch & Lomb Co. If anything, this is a little bit higher. These mirrors were ordered

to fill requests received from France, and they were to have been delivered in some eight months. I have forgotten the exact period. The Pittsburgh Plate Glass Co. were unable to build the grinding machinery and get it into operation in eight months, and they have not been successful in doing it yet entirely. They have, however, produced three mirrors which are very nearly perfect, but which were rejected by us for slight imperfections which will require modifications in their grinding machinery. However, they are sufficiently accurate so that we are confident that they will be able to perfect their machinery and probably complete half of the mirrors ordered between now and July 30. For that half we can pay under the existing law, the other half will probably take them a month into the next fiscal year, and that half we will be unable to pay for because the money will have reverted to the Treasury on July 1.

The CHAIRMAN. These mirrors were ordered during the war?

Maj. EDGERTON. Yes, sir; on July 30.

The CHAIRMAN. Before the armistice was signed?

Maj. EDGERTON. Yes, sir; on July 30.

Mr. BUCHANAN. Of what year?

Maj. EDGERTON. 1918.

Mr. BUCHANAN. To be delivered in eight months?

Maj. EDGERTON. To be delivered in eight or nine months.

The CHAIRMAN. Was it a regular contract that was executed by the department in accordance with the terms of the law?

Maj. EDGERTON. There is a formal purchase order but I believe there is not a formal contract.

The CHAIRMAN. But it fell under the provisions of the Dent Act?

Maj. EDGERTON. Yes, sir. The order could have been canceled after the armistice, but our investigations showed that approximately \$100,000 had already been expended by the Pittsburgh Plate Glass Co., so that any reasonable financial arrangements for the cancellation of this order would have resulted in our getting nothing and paying practically the face of the order, whereas by holding them to their contract we will get 100 mirrors of a type which we used on the battle fields of France and which we can use in our seacoast defenses, probably at the rate of 20 or 30 a year, because the breakage is quite extensive.

The CHAIRMAN. What is the present cost of mirrors of like kind?

Maj. EDGERTON. Between \$1,000 and \$1,100 each. Unless this process is developed by the Pittsburgh Plate Glass Co. so that the price can be reduced to \$500, the price will remain the same.

The CHAIRMAN. This was a trial order in order that they might install the necessary machinery?

Maj. EDGERTON. Yes; it is what we call a development order; it was given with the full knowledge that it might not produce the mirrors as rapidly as we would like to have them, but it was thought advisable to introduce some additional competition in that field.

WEDNESDAY, MAY 4, 1921.

**SCHOFIELD BARRACKS, HAWAII—FOR REPLACEMENT OF PIPE LINE FROM KOOLAU RESERVOIR.**

Gen. LORD. Mr. Chairman, prior to the opening of the hearing I stated to you that the Secretary of War had approved a supplemental estimate of \$600,000 for the installation of a pipe line to replace the present pipe line from Koolau Reservoir to Schofield Barracks, in Hawaii. That matter was presented to this committee and the Senate committee in the form of an estimate of \$230,000 for repairs to this line. The House hearings are found on page 954 and the Senate hearings on page 187. I will say that Gen. Carson, who was to appear for that item, is unable to be present, and Maj. Wheaton, of his office, is here to present the matter to the committee.

**STATEMENT OF MAJ. FRANCIS B. WHEATON.**

Maj. WHEATON. I would like to read a statement submitted by the Secretary of War covering the proposition.

The present water supply at Schofield Barracks comes from two sources. First, pumping stations which draw water from the Waianae Mountains on the west, and a gravity and pumping system drawing water from the Koolau Mountains on the east. The amount of water available from these two sources depends on the rains. Each year there is a period of drought, varying from two to five months. In the rainy season there is always an overflow from both of these sources. In the dry season the supply always falls below the capacity of the two systems and below the needs of a garrison as large as that of Schofield Barracks. This makes it highly important to avoid, as far as possible, all losses during dry weather.

The pipe lines from the pumping stations on the west are ordinary drawn steel pipe. The pipe line from the Koolau Reservoir is 24-inch riveted steel pipe of No. 7 and No. 9 steel (three-sixteenths inch and five thirty-seconds inch). This line was constructed in 1912, is 27,800 feet long, and throughout most of its length is buried in the soil.

The present condition of the Waianae system is good. The condition of the Koolau system is very bad. The 24-inch pipe is reported to be badly rusted and leaking at an estimated rate of 100,000 gallons a day. The rusting of this pipe, as shown by the report of the hydraulic engineer, Mr. Larrison, and the report of the consulting chemist, Mr. Sedgwick, is due to an acid condition of the soil in which the pipe is buried. It is a well-known fact that wrought iron and steel, especially when in contact with the soil, deteriorate very rapidly in the Hawaiian Islands. In the latter half of the month of March, 1921, 34 rust holes in the 24-inch pipe, varying in diameter from one-fourth inch to 1½ inches, were plugged.

The present capacity of all reservoirs from which water is drawn for Schofield Barracks is 63,000,000 gallons. The intake into these reservoirs during the dry periods is 500,000 gallons. The leakage from the reservoir and pipe line of the Koolau system is 500,000 gallons. The hydraulic engineer, Mr. Larrison, stated that the leakage from the reservoir could be stopped only by lining the reservoir at a prohibitive cost. It is, therefore, necessary that steps should be taken to prevent the leakage in the pipe line. This can be done with the present pipe line only by the expenditure of a considerable sum, with no assurance that this would be more than a very temporary measure.

As the Appropriation Committee of the House of Representatives will doubtless recall, an item for \$230,000 for repairs to Koolau pipe line at Schofield Barracks, was submitted for consideration at the time of the hearings on the sundry civil bill, fiscal year 1922. This item stood first in importance of some 16 submitted by the commanding general, Hawaiian Department, in cablegram to The Adjutant



General September 9, 1920. The Appropriations Committee did not see fit at the time of the hearings to recommend this appropriation. The question has been continually before the War Department since that time, and on March 20, 1921, a cablegram was received from the commanding general, Hawaiian Department, informing the War Department that the condition of the water supply at Schofield Barracks necessitated immediate action in order to obtain relief from threatened water shortage. He suggested a number of measures that might be applied to insure immediate supply to troops, one of which was to immediately install a temporary pumping plant and 3,000 feet of 10-inch pipe line to Wahiawa Reservoir at a cost of \$20,000. This method was not looked upon with favor by the War Department, as the Quartermaster General's Office held that the Wahiawa Reservoir water was not fit for human consumption, except in greatest emergency, and no funds are available for temporary installation.

Two other methods have been proposed to remedy the condition of this pipe line. The first, as previously outlined before the Appropriations Committee of the House of Representatives in the Sixty-sixth Congress, was to uncover the present steel pipe line, clean it, repair it, put concrete piers under it, and paint it, at an estimated cost of \$230,000. This also would be but a temporary measure and would undoubtedly require a continuing appropriation to be made for it each year of no small amount. This method would expose this water line to an aerial attack in the event of hostilities, which would cut off the water supply from the Schofield garrison. The method presented at this time and approved by the Secretary of War is to ask for an appropriation of \$600,000 to replace the present rusted and leaking pipe with a cast-iron pipe which, according to Gen. Morton, the commanding general of the Hawaiian Department, would undoubtedly be the final solution of the problem which has been the cause of much apprehension and worry on the part of officers of the garrison. This method would make the pipe line practically permanent.

The present garrison of Schofield Barracks is approximately 10,000 men. With this garrison the failure of the 24-inch pipe line to the Koolau Reservoir would cause much discomfort, would necessitate the immediate removal of most of the garrison from Schofield Barracks, and the expenditure of a very considerable sum of money to provide accommodations for the troops at other places where water could be made available.

An excellent idea of the present water situation at Schofield Barracks may be obtained from the consideration of General Order No. 34, Headquarters, Schofield Barracks, Hawaiian Islands, March 12, 1921, which reads as follows:

GENERAL ORDERS, }  
No. 34.

HEADQUARTERS,  
SCHOFIELD BARRACKS, HAWAII,  
March 12, 1921.

Subject: Water conservation.

1. The total storage capacity of the Schofield water system at the present rate of consumption amounts to only 30 days' supply when all reservoirs are full. A period of 30 days without rain upon the watershed will inevitably result in a serious water famine unless consumption is immediately curtailed.

2. With the advent of warm weather and the season of diminished rainfall it has become necessary to limit the use of water to the absolute minimum required for

drinking, cooking, and bathing purposes. With the increased garrison the question of water supply has become increasingly important and the wastage or improvident use of water by any members of this command is nothing less than criminal.

3. Until further orders the use of water for the following purposes is absolutely prohibited:

- (a) For sprinkling of roads, lawns, and gardens.
- (b) For washing of vehicles of any kind.
- (c) For washing stables and concrete floors of any kind.
- (d) For post swimming pool, fountains, etc.
- (e) For fire drills.

4. The following additional conservation measures will be inaugurated and enforced:

(a) The urinal troughs in the upper post will be cut off and covered over to prevent their use. Automatic flush toilets will be used in their stead.

(b) All water in the entire post, except laundry, will be cut off daily from 8.30 p. m. till 4.30 a. m.

The utilities officer will be responsible that this is accomplished for the upper post and the several commanders of the guard and police areas in the lower post that this is done in their respective areas. In case of a fire alarm all water mains will be turned on at once in all areas.

5. For the purpose of carrying out the foregoing provisions and any subsequent orders on this subject, Lieut. Col. A. H. Davidson, Seventeenth Cavalry, post inspector, is hereby appointed post water conservation officer in addition to his other duties. The assistant fire marshals in the several guard and police areas are designated as assistant post water conservation officers in addition to their other duties.

6. It is the urgent duty of every member of this command to contribute to water conservation in every way possible. Suggestions to this end are the adjustment of automatic flushing fixtures to the lowest flow possible; drawing small baths and standing under shower heads a short time; washing clothes in receptacles instead of under shower heads; reporting promptly all leaky and defective fixtures, etc.

7. This order will be read to all organizations at the first formation after receipt thereof, and report made to these headquarters that this has been done.

8. Organization commanders are invited to make any suggestions toward the conservation of water during the present emergency.

By command of Brig. Gen. Kuhn:

S. A. HOWARD,  
*Adjutant General, Post Adjutant.*

The CHAIRMAN. Major, when this matter was brought to the attention of the committee before, it was the unanimous opinion of the committee, from the rather fragmentary evidence that we could collect, that it would be a waste of money to repair that old wrought-iron pipe; that it was a temporary thing and might last for a year or two, when the other sections would go out, and you would come in and ask for another \$200,000, and that within 10 years you would probably have repaired your old pipe three times and would have expended as much as it would cost to put in cast-iron pipe which would last 100 years or more. Another view taken was that we did not know why some system of filtration could not be installed, so that you could use the water from the Wahiawa Reservoir. According to the statement you have just made it would only cost \$20,000 to get a water supply from that source, and it is a very short distance to that source of supply. Now, if the water is not suitable for consumption, can it not be filtered and treated in such a way as to make it available for consumption?

Maj. WHEATON. It could be filtered; yes, sir; but that would cost more in the end than to preserve our own system. The Wahiawa Reservoir is not located on our reservation, but on private plantations adjoining it.

The CHAIRMAN. But you own the water rights?

Maj. WHEATON. Yes, sir; we do; and if I am not mistaken they were purchased subject to the provision that the run-off would be

available for the cultivation of these plantations. I can not say that definitely, but it is a very strong impression in my mind.

The CHAIRMAN. I was a member of the Committee on the Territories when that matter came up, and when you brought up this matter the whole subject came back to my mind. As I remember, the War Department has certain rights in certain waters which are adjacent to the reservation, and if the evidence you have presented is all you have, I am very sorry the department there has not thoroughly ascertained just what our rights are with regard to the waters in the Wahiawa Reservoir, and whether or not by adopting the modern methods of treating water we could not utilize that source of supply without bringing water from the Koolau Reservoir, which is farther away from the reservation, and in case of attack you would have much more of a line to guard and protect. It seems to me the matter has not been thoroughly digested by the department not only from the military standpoint, but from the standpoint of the actual cost and expense of installing a new line and maintaining it.

Mr. BUCHANAN. Where are these barracks located?

Maj. WHEATON. These are the Schofield Barracks and they are located on the island of Oahu.

Mr. BUCHANAN. How far from Pearl Harbor?

Maj. WHEATON. They are about 23 miles from Pearl Harbor and 28 miles from Honolulu.

Mr. BUCHANAN. Are these barracks located near the mountain on which the guns are placed?

Maj. WHEATON. No; that is at Diamond Head, which is on the other side of the city of Honolulu, that is, to the east of Honolulu, while Pearl Harbor is to the westward.

The CHAIRMAN. What distance would you have to carry water through this cast-iron main?

Maj. WHEATON. About 5 miles.

The CHAIRMAN. Through a 24-inch main?

Maj. WHEATON. Yes, sir.

Mr. BYRNS. I did not understand just what amount is required to make these repairs.

Maj. WHEATON. \$600,000.

Mr. BYRNS. That is simply to repair the pipe?

Maj. WHEATON. No, sir; that is to replace it.

Mr. BYRNS. The whole pipe line is to be replaced with the sum you are asking?

Maj. WHEATON. Yes.

Mr. BYRNS. With cast-iron pipe?

Maj. WHEATON. Yes, sir.

Mr. BUCHANAN. Has it been definitely determined that cast-iron pipe will not rust?

Maj. WHEATON. I can not say that there has been any actual determination in this particular case, but it is a well-known fact that cast-iron pipe is not as subject to attack from impurities in water as wrought-iron pipe. Any water will attack wrought-iron pipe where a cast-iron pipe will not suffer.

Mr. BUCHANAN. That may be true in some instances, but in other instances it may be subject to attack from some cause, because there is not much difference in the material in the pipe; it is just the difference in the way it is cast; that is all.

Maj. WHEATON. There is a very decided difference between wrought steel and cast iron.

Mr. BUCHANAN. I know; cast iron is very hard, but the two are made of practically the same material, and it looks to me as though it ought to be positively determined that this cast-iron pipe is not subject to rust to the same extent as wrought-iron pipe before we make any investment of this kind.

Maj. WHEATON. I do not know exactly how to put it, but I feel perfectly confident that cast-iron pipe would last there indefinitely.

Mr. BUCHANAN. If that has been determined how did they come to make a mistake in the first place?

Maj. WHEATON. Because we had neither the time nor money to put this cast-iron pipe in and we had no facilities there. When this line was built we had to go into mountains that were practically unknown.

Mr. BUCHANAN. Cast-iron pipe is not much heavier than wrought-iron pipe.

Maj. WHEATON. Yes, sir; it is a great deal heavier. The steel pipe was used because it could be transported in small pieces and riveted together when it was in place, while cast-iron pipe comes in long sections, and has got to be carried up there in big masses and not in small ones.

The CHAIRMAN. Do you think 27,800 feet of 24-inch pipe can be put in for the amount estimated when in 1912 you put in 24-inch wrought-iron pipe that cost \$175,294? Now, cast-iron pipe costs a great deal more than wrought-iron pipe, and the prices at which you got pipe in 1912 do not prevail now, and the prices then were much lower than the present prices, and so much lower that they are hardly comparable. What do you know about this estimate?

Maj. WHEATON. This estimate was prepared by the engineer in the islands, and we feel confident that it is a good estimate, so far as we can check it here. Of course, we can not check absolutely the cost, because we have not first-hand information with regard to the cost of labor, and it is necessary to have that information in order to make a very close check. But so far as materials are concerned we can be quite sure that the estimate is a fair one.

The CHAIRMAN. Is there any way in which you can get a report from the islands giving us an analysis of the water in the Wahiawa reservoir, and what right we have to go upon private property without condemnation, and put up such works as would be necessary to bring the water down, and put in a purification plant, if necessary, and what that would cost?

Maj. WHEATON. Yes, sir; we can cable for that.

NOTE.—The cable has been sent and the information will be furnished to the committee when it arrives.

The CHAIRMAN. A purification plant, such as would be necessary to serve the population you have there, could not be very expensive, especially when we know the cost of installing such plants in this country for communities with a population which is more than you will ever have there at the maximum. How many troops have you there now?

Maj. WHEATON. We have accommodations for about 10,000, but the actual number of troops there I do not know.

The CHAIRMAN. Ten thousand would be practically the maximum of your strength at that place at any time.

Maj. WHEATON. Yes, sir; with the present accommodations.

The CHAIRMAN. Do you have much stock there in the way of horses and cattle?

Maj. WHEATON. I am unable to say.

Mr. BUCHANAN. It seems to me that water going through a filtration or purification plant would be even better than that other water, because when it is treated it is really good water.

NOTE.—In connection with the suggestion to pump water from the Wahiwa Reservoir it is desired to present the following: The necessary daily supply for Schofield Barracks for a population of 10,000 people is approximately 1,500,000 gallons, and the dry-weather flow of the South Branch of the Kaukonahua River, our present source of supply, is at times as low as 800,000 gallons per day. This makes storage necessary, and the total storage available at present—63,000,000 gallons—is not enough to carry the post through a protracted dry spell. Additional storage must be supplied in the near future and should be at a point high enough in the mountains to insure the water reaching the post by gravity to avoid the continual expense of pumping. An emergency storage reservoir designed to impound a part of the water that escapes the main storage reservoir has been built a few miles east of the Wahiwa Reservoir, and the east pumping plant, located at this point for the purpose of forcing this water into the mains in case of emergency, is capable of taking care of the entire flow of the stream during a period of drought, leaving no water to replenish the supply in the Wahiwa Reservoir.

The proposal to use the Wahiwa Reservoir water was inspired by a shortage in our own storage system caused by a prolonged drought. The pumping plant proposed was not intended for a permanent installation, but was to handle the stored water in the Wahiwa Reservoir as a temporary expedient. As the east pumping plant is capable of taking care of the entire flow during a period of drought, it follows that there will be no replenishment of the Wahiwa Reservoir at such a time, and the supply of the post would be increased only by the amount of water that happened to be in the reservoir at that time. To abandon the use of our present system and depend entirely on the Wahiwa Reservoir would not improve conditions so far as the amount of water is concerned, because, while gaining the storage capacity of this reservoir we would lose that of the present reservoir. It would be most objectionable from a sanitary point of view and would require the continual expenditure of funds for pumping, maintenance, and purification.

The following estimate shows, first, the cost of providing a pumping and filtration plant in duplicate, with a daily capacity of 1,500,000 gallons, and, second, the annual operating expense for such a plant. As the present supply is fed to the post by gravity, except in emergencies, and as the provisions of additional storage will prevent the development of such emergencies, it will be seen that the best interests of the Government require the continuation of the present system.

#### FIRST COST.

Intake.....	\$5,000
18-inch pipe line.....	36,000
Pumps.....	50,000
Standpipe.....	60,000
Filtration plant.....	80,000
Total.....	231,000

#### ANNUAL OPERATING EXPENSE.

Depreciation.....	\$13,180
Repairs and maintenance.....	2,800
Current for operating.....	18,000
3 operators, at \$2,000.....	6,000
1 chemist.....	2,400
Total.....	42,380

Mr. BYRNS. Did I understand you to say informally that the reservoir which has been referred to is more susceptible of attack than the five miles of pipe-line you have there now?

Maj. WHEATON. Yes, sir.

Mr. BYRNS. Would it require additional money to extend your lines of defense in order to give proper protection to that reservoir?

Maj. WHEATON. From what I know of the defense lines, as they were established when I was in the islands, I should say yes.

Mr. BUCHANAN. Is this reservoir in a flat country?

Maj. WHEATON. The Wahiawa Reservoir?

Mr. BUCHANAN. Yes.

Maj. WHEATON. Well, as flat as there is about there. It is the floor of the valley, but it is cut up by a lot of gulches. There is a gradual slope from the reservoir down to the seacoast.

Mr. BUCHANAN. And from the barracks as well?

Maj. WHEATON. Yes, sir.

Mr. BUCHANAN. The same fortifications that protect the barracks would protect the reservoir, because the coast is not very far from the reservoir.

Maj. WHEATON. No; it is not very much farther from the coast to the post than it is to the reservoir.

The CHAIRMAN. How much money would you have available for next year for keeping this pipe-line in repair, etc., or for tapping the other reservoir if you find that necessary?

Maj. WHEATON. That is going to depend entirely on your action here.

The CHAIRMAN. Without any action here, and with the money already appropriated?

Maj. WHEATON. We will have enough of general repair money for the post, but this being a big project, I do not think we estimated for anything on that.

The CHAIRMAN. How much did you use last year out of the regular appropriation for repair of the pipe line?

Maj. WHEATON. That I am unable to say.

The CHAIRMAN. You can put that information in the record.

Maj. WHEATON. Yes, sir; we were given a lump sum for repairs out there, but what we spent on account of this particular item, I can not say.

NOTE.—Most of the authorizations for the water system have been for general repairs and improvements in the post, but the following special allotments for repair of the pipe line have been made: 1918, \$5,000; 1919, \$50,000; 1920, \$3,000. It was estimated that \$100,000 would be required this year for a complete overhauling of the line.

Mr. BUCHANAN. How much did you say it cost per year to keep that pipe line in repair?

Maj. WHEATON. \$100,000 this year would be the absolute maximum.

Mr. BUCHANAN. I should think so.

Maj. WHEATON. That would be as much as we could expect to expend on that under the best circumstances.

Mr. BUCHANAN. Do you think it would require from \$50,000 to \$100,000 per year to keep that pipe line in repair?

Maj. WHEATON. It is very hard work to form an opinion upon that. We spent about \$55,000 on that pipe line two years ago, but we have not spent any material amount since. We have spent some small

amounts, which I am unable to state definitely now, and we now want \$100,000 for immediate repairs, if we are to do it that way, and between those two items you can form some idea as to what will be necessary in the future.

Mr. BUCHANAN. The question is that, perhaps, cast-iron pipe will go down from the present abnormally high prices, and it might be economy to defer the work to a time when it will not cost so much. One hundred thousand dollars seems like a whole lot of money for this purpose.

Mr. BYRNS. Can you state from past experience how long this present line would last without repairs, or how long it would be before it would begin to deteriorate so as to require repairs?

Maj. WHEATON. It was in place for approximately 10 years before we made repairs on it.

The CHAIRMAN. You only put it in in 1912.

Maj. WHEATON. I thought it went in in 1910.

Mr. BUCHANAN. It was stated awhile ago that it went in in 1912.

The CHAIRMAN. You have considerable appropriations, and some of them, I think, are available for putting in improvements, such as water and sewer facilities in connection with posts. Have you not considerable appropriations of that kind for Schofield Barracks?

Maj. WHEATON. No specific appropriation for this. The only specific appropriation we have there is for the completion of one regiment of Artillery.

Gen. LORD. I think the Chairman is referring to the appropriation for water and sewers in the Regular Army appropriation bill.

The CHAIRMAN. Under the appropriation for 1919 you had the following: "Military posts, Hawaiian Islands, for construction necessary for the completion of water and sewer systems, roads, walks, etc., required for the permanent accommodation of one company of Engineers, one company of Infantry, one regiment of Field Artillery, and one ambulance company, \$2,239,000." That money would be available for a water system such as this, would it not?

Maj. WHEATON. I should say it would be, if it were not for the fact that it is already obligated for other construction.

The CHAIRMAN. For the next year you had an appropriation of \$520,000 for the completion of quarters for one regiment of Artillery at Schofield Barracks.

Maj. WHEATON. That is right; yes, sir.

#### SEACOAST DEFENSES, PHILIPPINE ISLANDS AND HAWAII.

Gen. LORD. Before Maj. Wheaton leaves, I would like to say that the Secretary of War has a request from the commanding general of the Philippine Department asking that the appropriation for sea-coast defenses, Philippine Islands and Hawaii, for 1921, covering the item for salt-water system, \$100,600, and reinforced concrete water tank, \$1,500, for Corregidor Island, be extended one year. The request is for an extension of time on these amounts for the reason that they have been unable under prevailing conditions to let the work out to contract. The money has been appropriated, and the Quartermaster Corps is doing the work by hiring employees. We can not utilize the appropriation during this current fiscal year, and for that reason request is made for the extension of time. That

request has been made by the Quartermaster General, and is before the Secretary of War. I do not know whether he has approved it, or not, but if it is approved, it will be sent to this committee for consideration. Maj. Wheaton will be able to give you any additional information you may desire in regard to it.

The CHAIRMAN. So that it will not be necessary for you to return, suppose you state just what necessitates this desired extension of the appropriation for the purposes mentioned.

Maj. WHEATON. It is because the labor conditions are such out there we can not let a contract so as to obligate the money before the 1st of July, or any reasonable portion of it. Corregidor Island, as you know, is an isolated spot, and it is not a favorite with contractors. We have to do the work by purchase and hire, and in doing the work by purchase and hire we can only use as much of the appropriation as is obligated by the 1st of July, because the rest of it will revert to the Treasury.

The CHAIRMAN. How long will it take to complete the work in the manner in which you are now prosecuting it?

Maj. WHEATON. I think it will take from three to four months after the 1st of July.

The CHAIRMAN. You have enough money appropriated to complete the work?

Maj. WHEATON. Yes, sir; we have the money appropriated, and we think we have a sufficient amount to complete it. The only thing we lack is time.

The CHAIRMAN. How long have you been doing this work?

Maj. WHEATON. We have been working on it—that is, preparing the plans and getting ready for it, I should say—for six months.

The CHAIRMAN. What was the total appropriation?

Gen. LORD. \$100,600 for the salt-water system, and \$1,500 for the reenforced concrete water tank. That is a 1921 appropriation.

Maj. WHEATON. This is for fire protection. We have a very limited fresh-water supply there, and this is needed for fire protection.

OFFICE OF SECRETARY OF WAR—FOR INCREASE IN PAY OF PRIVATE SECRETARY.

Gen. LORD. Mr. Chairman, the Secretary of War makes a special request for a supplemental estimate of \$500 to increase the pay of the private secretary to the Secretary of War from \$2,500 to \$3,000. The \$2,500 is carried in the legislative, executive, and judicial appropriation act, page 29, as printed. The work that devolves upon the private secretary to the Secretary of War at the present time is something extraordinary, with little prospect of relief or let up. He occupies the most intimate relationship to the Secretary. If the Secretary of War saw everyone who has a legitimate right to see him, it would take all of his time from early morning until late at night. He sees probably one-fourth of the people who come to his office, and the private secretary, occupying a really very responsible position, is able to explain to those who come the policies adopted by the Secretary. The demands upon him, as I personally know, are most extraordinary, requiring a great deal of night work. The position requires a man of superior judgment, and a man familiar with War Department procedure. As you know, there have been



laid upon the Secretary of War many additional duties since we went into the war with Germany, as many additional functions have been placed upon the War Department. Many of these things center on the desk of the private secretary. The private secretary to the Secretary of the Treasury receives \$3,000; the private secretary to the Attorney General receives \$3,600; and most of the others get \$2,500. In the Interior Department the private secretary or the assistant to the Secretary receives \$2,750. The regular request will come through the Treasury Department from the Secretary of War to the committee, with a draft of the legislation necessary. I only received the information of this desired legislation this morning, but I think that it is most important and that the man is really entitled to it. The dignity of his position should carry that amount of pay.

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WEDNESDAY, MAY 4, 1921.

DEPARTMENT OF JUSTICE.

**STATEMENTS OF MR. CHARLES E. STEWART, CHIEF CLERK AND ADMINISTRATIVE ASSISTANT; MR. JOHN D. HARRIS, CHIEF, DIVISION OF ACCOUNTS; MR. E. M. KENNARD, ADMINISTRATIVE ACCOUNTANT; MR. GEORGE KEARNEY, LIBRARIAN; MR. C. E. SHERWOOD, IN CHARGE OF SUPPLIES, DEPARTMENT OF JUSTICE; AND MR. ERNEST KNAEBEL, REPORTER, UNITED STATES SUPREME COURT.**

**ASSISTANT SECRETARY TO THE ATTORNEY GENERAL.**

The CHAIRMAN. You are asking for an assistant secretary to the Attorney General from April 15, 1921, to June 30, 1922, inclusive, at the rate of \$2,500 per annum, \$3,027.78.

Mr. STEWART. Yes, sir.

The CHAIRMAN. Is this a new place?

Mr. STEWART. Yes, sir; this is a new place we are asking for. There has been an enormous increase of the work in the Attorney General's personal office, and it is utterly impossible for his secretary and the office force originally assigned to that office to take care of the people who come there and of the correspondence that has accumulated. It has been absolutely necessary for the Attorney General to have an assistant secretary, who is now being paid from a lump-sum appropriation.

The CHAIRMAN. How long has this assistant secretary been there?

Mr. STEWART. She has been there probably since the 1st of April or the latter part of March. In addition to that, we have had to assign stenographers from the stenographic bureau to help them out. There is a tremendous burden of correspondence in that office, and there is a tremendous number of people constantly coming there. We are paying the assistant secretary from a lump-sum appropriation, which is already overburdened, and we thought that the best thing to do would be to ask for this place or to create a place, because it has been necessary, even during the last administration, to have help in the office. There is a tremendous amount of work which is absolutely necessary to be done.

The CHAIRMAN. Could you give the committee any facts showing the increase of work in the Attorney General's office or the growth of the work?

Mr. STEWART. The fact is that the work is there. I do not know the details of the work, because I am not familiar with them, but I do know, in the first place, that there are tremendous numbers of people calling on the Attorney General who have got to be handled and looked after. There must be somebody there to see that they are satisfied, or that they are sent to some other division where they can get the information they seek. There is a tremendous amount of mail to be handled. I do not handle it, and do not see it, but I do know that the mail that must necessarily go to the Attorney General's office to be handled by his secretary is very heavy.

Mr. HARRIS. They work until 10 or 11 o'clock every night and every Sunday.

Mr. STEWART. They work every Sunday in that office and until late at night. I work late myself, but I always leave that crowd there.

The CHAIRMAN. Do you keep a record of the number of letters handled there?

Mr. STEWART. We do keep a record of the letters handled in the business of the department in the file room, but the Attorney General has private files, and I suppose no record is kept of them. There is a record of the department's business kept. That is handled in the departmental file room. We can tell you the volume of that mail from day to day.

Mr. HARRIS. At the end of the last administration you would often see ten or a dozen people in the reception room, but now you will often find 100 people there at one time. Of course that is largely incidental to the change in the administration.

Mr. STEWART. Of course a large number of people come there.

Mr. BYRNS. That, of course, will fall off in time.

Mr. STEWART. It will fall off in time, but if we were to ask for all that were necessary to take care of the situation now, we would have to ask for four or five. They have other clerks detailed there to help. We do not anticipate that the present volume of work will last, but undoubtedly the Attorney General will always need an assistant secretary.

Mr. BYRNS. Was this position estimated for next year?

Mr. STEWART. We estimate for it here.

Mr. BYRNS. Was it estimated for in the legislative bill?

Mr. STEWART. No, sir; because the estimates for the legislative bill were made last year.

Mr. BYRNS. This is the first time this estimate has been made?

Mr. STEWART. Yes, sir.

Mr. BUCHANAN. It would seem to a lay mind, although I know nothing about it, that during the war, as a result of so many acts passed by Congress in regard to the war status, the business before the Attorney General's office would be much greater than it is now, and that it should rapidly fall off. It would seem that it should have fallen off some time back. If they were able to get through with all of those war statutes and with the character of cases they had to deal with arising out of the war, it seems to me that we ought to be able to get along with the same force two years after the war.

Mr. STEWART. During the war we had men detailed to the Attorney General's office, and there was an assistant secretary detailed to that office. That was Mr. Hunt, and he was there for two years, at least. Furthermore, the department's business has not fallen off as has that of other departments, because of the increased litigation growing out of the war, which is still pending. The greater portion of this was commenced since the war.

Mr. BUCHANAN. Did you have this same title then?

Mr. STEWART. No, sir. We have a young lady in there now, with this title, and she is being paid from a lump-sum appropriation.

The CHAIRMAN. What appropriation is that?

Mr. STEWART. For the detection and prosecution of crimes.

Mr. BUCHANAN. If she is being employed under the lump-sum appropriation, why not continue her there, so that when the work becomes less she can be dropped? If you make it a statutory position you will always have it.

The CHAIRMAN. How much did Mr. Hunt receive?

Mr. STEWART. \$2,500 and the bonus. That is at first, and then he was promoted to a position at \$2,750.

The CHAIRMAN. How long was he there?

Mr. STEWART. He was there for two years, approximately.

Mr. BYRNS. His position has not been abolished?

Mr. STEWART. No, sir. The place that he held was a statutory law clerkship, or assistant attorneyship.

Mr. BYRNS. That position still exists?

Mr. STEWART. Yes, sir.

Mr. BYRNS. That work is being done at some other place?

Mr. STEWART. Yes, sir.

Mr. HARRIS. He is back where he should be, or the position is back where it should be, on legal matters.

The CHAIRMAN. Is the lady who is there now, filling the position of assistant secretary, doing the same work that Mr. Hunt did?

Mr. STEWART. Yes, sir; practically the same work.

CONTINGENT EXPENSES—FURNITURE AND REPAIRS, INCLUDING CARPETS, FILE HOLDERS, AND CASES.

The CHAIRMAN. Under contingent expenses, you are asking \$7,500 for furniture and repairs, including carpets, file holders, and cases. Is that for this year?

Mr. STEWART. Yes; that is for this year. From that we have got to pay for some 500 or 600 transfer cases for the file room; they cost about \$7 apiece, and it will take something over \$4,000 of the amount. Then we are obliged to buy some equipment for the Attorney General's office, for the assistant to the Attorney General, and several of the assistants. We have purchased no equipment for those offices for several years—in fact, it has been seven or eight years—and the equipment is really very bad. What money we received during the war to be applied to furniture we have had to devote to file cases and the actual necessities of the department, and the result is that the offices of the officials of the department are really in bad shape. They have old desks that are full of bugs, in many cases, and the carpet on the floor of the office of the Attorney General is really a disgrace. I think that carpet has been in the

department for 30 years, and it is ragged. I think he is entitled to a new carpet and I think his office should be put in such shape as would befit a Cabinet officer of the Government. He wants it done and I think it ought to be done. The offices of the assistants to the Attorney General are in pretty much the same fix; the equipment is very poor. We are not going to buy anything expensive but we want something that is respectable and I think we are entitled to it. It will not cost a great deal of money to fit them up as they should be fitted up, put in some comfortable chairs and put in some rugs that will be presentable.

When you gentlemen come down to interview us we would at least like to present an appearance that will not be an embarrassment to you as well as ourselves. We fixed up the reception room which you saw the other day, and that looks fairly well; it is not fine, but it looks well. However, the office of the Attorney General needs some furniture and needs rugs, as well as the offices of the assistants to the Attorney General and the solicitor general. In the other departments I know of offices of people below those officials that are fixed up better than the offices in our department. We have the poorest equipment in the Government service, and it is because we have not spent any money on that kind of stuff and have not asked for it, but I think we ought to at least put the offices in presentable shape.

The CHAIRMAN. In 1917 we gave you a deficiency of \$10,000 and I thought it was for this very purpose.

Mr. STEWART. No, sir; we have never asked for anything of that kind of work, and I do not think you will find in the testimony that we have asked anything for the purpose of fixing up anybody's office. The furniture money we have had has been spent for the actual necessities of the department, in the way of filing cases mostly, and, incidentally, to take care of the new people that were coming into the department because of the war—desks, chairs, and equipment actually necessary for them to have in order to work. It is all very cheap stuff and we never did buy any really expensive furniture.

Mr. BUCHANAN. What will it take to fit up the Attorney General's office and buy file cases?

Mr. STEWART. It will take about \$4,000 for the file cases.

Mr. BUCHANAN. What will it take for the Attorney General's office?

Mr. STEWART. The Attorney General wants a new carpet or a rug and for his secretary's room.

Mr. BUCHANAN. I am not talking about the secretaries but the Attorney General's office.

Mr. STEWART. Well, that is a part of his suite. We figure it will cost somewhere in the neighborhood of \$1,500 or \$2,000.

Mr. BUCHANAN. Then you do not have much in the estimate for the assistants to the Attorney General.

Mr. STEWART. We are not going to buy much; we are not figuring on buying a great deal, but we want to buy a desk or two and a few chairs, and we want to give them decent equipment. We are not going to spend very much; we can't be extravagant on \$7,500. I had a note from the assistant to the Attorney General yesterday

about the rugs for his floor, but if we buy them we are not going to buy expensive ones, but if we get enough money we will try to give him something.

The CHAIRMAN. Do you need the 500 or 600 transfer cases now?

Mr. STEWART. We need 1,000, but we are going to buy the others out of next year's appropriation, when available, because we figure we can not use over 500 or 600 file cases before the beginning of the next fiscal year; but we need 1,000 right now, and they cost \$7 apiece.

The CHAIRMAN. How long do you keep these files? Do you keep them indefinitely?

Mr. STEWART. The records you mean?

The CHAIRMAN. Yes; the correspondence.

Mr. STEWART. We are compelled to do so under the law; we can not destroy them without the consent of Congress. Of course, we have records that we have bundled up and put away in the basement.

The CHAIRMAN. You have taken them out of the transfer cases?

Mr. STEWART. Yes; we do that when we are finally convinced that the chances are one in a thousand that they will be needed. Then we store them away, but we can not destroy them under the law unless we got such authority from Congress. In many instances it would be dangerous to destroy them, because sometimes we go back many years in digging into the records.

The CHAIRMAN. As I recall, you are looking after all of these cases of damages, etc., in plants that were utilized during the war under the cost-plus system, so as to prevent the Government from being compelled to pay these judgments that now have added to the cost of the production of those articles?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Do you have much correspondence with regard to those matters?

Mr. STEWART. A good deal of correspondence.

The CHAIRMAN. How has the work of the Attorney General grown during the last five or six years, so far as correspondence is concerned?

Mr. STEWART. You mean in the department?

The CHAIRMAN. In the whole department.

Mr. STEWART. I know that the file-room records show that back in 1913 and 1914 we normally handled something like 500 or 600 pieces of mail a day and that during the war the peak got up to 2,500 or 2,600, and that would be four or five times. I think it is around 1,200 or 1,400 now; it is falling off some from the peak during the war. There has been somewhat of a diminution in the volume of mail. But it grew anywhere from 300 to 400 per cent so far as the mail is concerned. Now, the number of cases handled in United States courts throughout the country, and the volume of business there, reflected an increase of not so much. The war brought on a lot of additional cases, but prohibition has brought on practically double the number of cases. There used to be something like 60,000 cases before the courts of the country, as reported by the United States district attorneys, while prohibition alone is going to bring 60,000 cases, so that there will be a doubling of the records. Of course, those cases do not rank in importance with some of the other cases and they can be disposed of quickly. Every piece of legislation enacted up here adds something in the way of additional cases before

the courts of the country. We have figured that there was an increase of over 200 per cent in the volume of business as compared to prewar conditions, and I think that is true.

The CHAIRMAN. You had for furniture and repairs, etc., \$6,500 for this year. What is your balance in that appropriation?

Mr. STEWART. We have nothing now, not a penny.

#### BOOKS FOR LAW LIBRARY.

The CHAIRMAN. You are asking \$500 for books for library of the department, including their exchange. You have an appropriation of \$3,000; what is the necessity for an additional appropriation?

Mr. KEARNEY. We keep up complete sets of United States decisions, both Federal and State. The number of volumes of these sets has increased and the prices thereof have increased, and our appropriation of \$3,000 has been exhausted simply by reason of the increase in the number of these volumes and the increase in the prices of the volumes. This appropriation was fixed 15 years ago and this is the first time of a deficit. We hoped to carry it through on \$3,000 but it was impossible, and now the appropriation is exhausted.

The CHAIRMAN. Is this necessary in order to keep current your regular sets?

Mr. KEARNEY. Yes. We have got to stop now until the 1st of July unless we secure this appropriation.

The CHAIRMAN. And you will not be able to get the current reports as they come out between now and July?

Mr. KEARNEY. Yes.

The CHAIRMAN. The appropriation, you say, is entirely exhausted?

Mr. KEARNEY. Entirely exhausted; that is, within, say, \$50.

Mr. BYRNS. Did your appropriation for the last fiscal year run you up to July 1, or did you have a similar situation before the close of the fiscal year?

Mr. KEARNEY. It has been the same for 15 years.

Mr. BYRNS. I understand that, but I was asking whether in 1920 you had a similar situation. In other words, whether or not your \$3,000 appropriation was exhausted some time previous to the close of the fiscal year and you had to run over into the next fiscal year?

Mr. KEARNEY. There never has been a deficit before for 15 years.

Mr. BYRNS. The prices of the books have not increased this year over 1920, have they?

Mr. KEARNEY. Yes, sir; in many instances they have.

The CHAIRMAN. Could you cite some of those instances?

Mr. KEARNEY. No; I can not.

The CHAIRMAN. I wish you would put in the record a statement giving illustrations of some of the increases in the cost of books.

## LAW LIBRARY OF DEPARTMENT OF JUSTICE.

Some instances of the increase of prices per volume of law books for the fiscal year 1921 over the prices for same for fiscal year 1920:

Title of volume.	Fiscal year 1920.	Fiscal year 1921.
Alabama Reports.....	\$2.00	\$5.00
Alabama Appeals Reports.....	2.00	6.00
American Law Reports.....	7.50	8.50
Arkansas Reports.....	2.30	3.00
Aspinall Maritime Reports.....	2.25	2.50
Atlantic Reporter.....	3.75	4.75
Colorado Reports.....	5.00	5.50
Corpus Juris.....	7.50	8.00
Cyc & Corpus Juris Annotations.....	8.00	10.00
Delaware Law Reports.....	10.00	12.00
Delaware Chancery Reports.....	10.00	12.00
Maine Reports.....	3.25	3.50
Iowa Reports.....	3.00	4.00
Indiana Reports.....	2.50	3.50
Indiana Appeal Reports.....	2.50	3.50
Massachusetts Reports.....	2.50	4.00
Martindale Legal Directory.....	20.00	22.00
Minnesota Reports.....	2.75	3.00
Mississippi Reports.....	4.25	4.50
Missouri Reports.....	3.00	3.25
Missouri Appeal Reports.....	3.00	3.25
Nebraska Reports.....	2.75	3.00
Nebraska Unofficial Reports.....	2.75	3.00
Nevada Reports.....	3.00	3.25
New Brunswick Reports.....	9.50	10.00
Ohio Circuit Court Reports.....	2.60	2.75
Ohio Appellate Court Reports.....	2.50	3.50
Ohio Nisi Prius Reports.....	2.60	2.75
Ohio State Reports.....	2.60	2.75
Oklahoma Reports.....	3.25	3.50
Oklahoma Criminal Reports.....	3.25	3.50
Ontario Law Reports.....	8.00	8.50
Oregon Reports.....	4.00	4.25
Pacific Reporter.....	3.75	4.75
Pennsylvania County Court Report.....	5.25	5.50
Pennsylvania District Court Report.....	5.25	5.50
Pennsylvania Luzerne Legal Register.....	6.00	6.50
Pennsylvania State Reports.....	2.00	2.25
Pennsylvania Supreme Court Report.....	2.00	2.25
Philippine Reports.....	4.50	6.00
Poor's Manual, Industrials.....	7.50	8.50
Poor's Manual, Public Utilities.....	7.50	8.50
Poor's Manual, Railroads.....	13.00	15.00
Quebec Practice Reports.....	7.50	8.00
Rating Appeals (English).....	8.50	10.00
New Hampshire Reports.....	3.25	3.50
New Jersey Law Reports.....	3.25	3.75
New Jersey Equity Reports.....	3.25	3.50
New Mexico Reports.....	4.00	4.50
North Carolina Reports.....	2.25	2.75
North Dakota Reports.....	3.25	3.75
Northeastern Reporter.....	3.75	4.75
Northwestern Reporter.....	3.75	4.75
Nova Scotia Reports.....	8.00	8.50
Official Railway Guide (monthly).....	12.00	14.00
Rhode Island Reports.....	3.75	4.00
Ruling Case Law.....	6.00	7.50
Southeastern Reporter.....	3.75	4.75
Southwestern Reporter.....	3.75	4.75
Southern Reporter.....	3.75	4.75
Tennessee Chancery Report.....	4.00	4.50
Tennessee Court of Appeals Report.....	4.25	4.75
Texas Reports.....	3.50	4.00
Texas Civil Appeals Reports.....	3.50	4.00
Texas Criminal Appeal Reports.....	3.50	4.00
Wisconsin Reports.....	2.25	3.00
Workmen's Compensation Cases.....	4.00	6.75
English Reports (full reprint).....	5.00	7.50

Mr. KEARNEY. I think it is undoubtedly true that the number of reports has largely increased. I am informed, I think reliably, that there have been more decisions rendered from 1900 to date than there were rendered from 1789 to 1900.

Mr. BYRNS. We are speaking of the 1921 appropriation, and I was a little surprised at your statement that your books were higher in 1921 than in 1920. I did not know there had been any increase in prices during that time.

Mr. KEARNEY. They have been going up right along for the last two or three years.

Mr. BYRNS. I know that, but I was under the impression that they were as high in 1920 as in 1921.

Mr. KEARNEY. I think I can explain that. We have bids submitted for continuations and for 1920 the bids were put in a considerable time in advance and the publishers had to furnish them at those prices, whereas when it came to 1921 they would not furnish them at those prices, but we had to buy them at increased prices. They had to comply with their contracts with us to supply continuations for that fiscal year.

The CHAIRMAN. The question raised by Mr. Byrns suggests to me that perhaps this is what happened last year: That your \$3,000 was not sufficient last year, or might not have been sufficient last year, to permit you to purchase and pay for all the current reports up to the end of last year, but that on July 1 you took the appropriation that was available for the fiscal year ending June 30 next and purchased the back numbers.

Mr. KEARNEY. We did not do that.

Mr. STEWART. I think we got through on the \$3,000.

Mr. KEARNEY. We got through, but the prices for this fiscal year were greater because of the fact that for the last fiscal year the awards were made in advance of the advance in the prices of books.

The CHAIRMAN. We gave you for this next year just what you asked.

Mr. KEARNEY. We have not asked for an increase for next year.

The CHAIRMAN. Do you think you will have enough?

Mr. KEARNEY. I doubt it.

Mr. BYRNS. Of course, this bill will not become a law, and this money will not be available before June 1, just a month prior to the time you get your new appropriation, and I was wondering whether, if prices go down or there should be a less number of opinions rendered, the Government would not be in a better position if your request for a deficiency was delayed for a year. There could not be much inconvenience in the course of a month because of your failure to get books, because, if I am correct in my statement that the bill will not become a law until June 1, the next fiscal year would have come on before you could put in your orders and get deliveries.

Mr. HARRIS. Under the law the bills are chargeable to the fiscal year during which the books are ordered, although they may be delivered later, and it is the intention to get in the orders at the earliest possible moment.

Mr. STEWART. If he waited for the next fiscal year's appropriation he could not order the books until July 1.

Mr. BYRNS. I understand that, but that would only mean the delay of a month.

Mr. KEARNEY. These books have been stopped and the publishers have been told not to furnish any more books until authorized. Now, I do not see how we could pay them for these books out of the



next appropriation because they were ordered in this fiscal year to be delivered in this fiscal year, and if we do not pay for them now we will surely have to come back at a later time and ask for a deficiency, because the next appropriation, which begins July 1, will certainly not carry us through.

#### STATIONERY.

The CHAIRMAN. You are asking \$10,000 for stationery. You had a regular appropriation of \$10,000 and a deficiency of \$10,000, so that you have had \$20,000.

Mr. STEWART. We can yield \$5,000 on that, I believe. When the estimate of \$10,000 was put in we estimated that we would use photostat paper at the same rate we have been using it, but there has been a considerable falling off in its use. That is the most expensive item that is purchased out of that appropriation. We can yield, therefore, \$5,000 of that estimate.

The CHAIRMAN. How much of the \$20,000 remains?

Mr. STEWART. The balance is very small, and we have not been able to furnish stationery as it was needed to some of the new officials.

Mr. SHERWOOD. There is \$1,400 left, and we have no stationery in the stockroom.

The CHAIRMAN. You have no surplus supply at all?

Mr. SHERWOOD. None at all, and we were afraid to spend any of the \$1,400 for that purpose until later in the fiscal year.

The CHAIRMAN. How about the price of stationery during this last year? Has it been any higher than it was the year before?

Mr. STEWART. There has been an enormous increase in the price of stationery but I do not know that the price increased last year.

Mr. SHERWOOD. There has been a considerably greater increase over last year, and I have here some of the percentages of increase. Rubber bands, 16 per cent higher; waste baskets, 24 per cent higher; binders, current ledger, 25 per cent higher, 20 per cent and 10 per cent, depending on the various kinds; transfer binders, 25, 30 and 35 per cent higher than last year. So it runs on down. Blank books, 43 per cent; ink for duplicating machines, 1.11 per cent; files, transfer boxes, 1.47 per cent. There was an increase of 65 per cent on tags. This is true as to all kinds of supplies we buy.

The CHAIRMAN. How about stationery proper?

Mr. STEWART. You mean paper?

The CHAIRMAN. Yes.

Mr. SHERWOOD. I do not think I have that.

The CHAIRMAN. What are the largest items?

Mr. STEWART. The largest item would be that of the photostat paper. There has been an enormous increase in the price of photostat paper over prewar conditions, but I do not know that there was an increase last year.

Mr. SHERWOOD. Blotting paper increased 30 per cent; pasteboard boxes, 48 per cent; smooth finish covers, 74 per cent; carbon paper, 37 per cent; index cards, of which we use a great many, increased 55 per cent; onion skin paper, of which we use considerable, increased 31 per cent. and press copy paper, 92 per cent.

The CHAIRMAN. It is likely that this appropriation will not be available much before the 1st of June, and in that event could you spend \$5,000?

Mr. SHERWOOD. We could spend that very easily and very advantageously by filling up our stock room, which is entirely depleted.

Mr. STEWART. We do not want to ask for a deficiency in order to fill up the stock room.

Mr. SHERWOOD. But it is to replenish stuff that we use during the year.

Mr. STEWART. I have noticed in the papers that there has been a great decrease in the cost of paper but I do not know whether that is true or not. But we do not ask, Mr. Chairman, for a deficiency to fill up the stock room. We only ask for what is necessary to carry us through the rest of the fiscal year.

The CHAIRMAN. I think you are entitled to that, but I think it would be unwise to stock up now at present prices.

Mr. STEWART. I want to wait and see what the prices will be next year, and we do not want any more than is necessary to run our current business.

The CHAIRMAN. If it is necessary, when the year begins, to make allotments so that you will have to use more for stationery the first half of the year, it seems to me it would be wise for the Attorney General to waive the allotment, and then certainly in eight months from now prices are going to drop very materially.

Mr. STEWART. I hope so.

The CHAIRMAN. What are the photostat requirements at the present time?

Mr. SHERWOOD. You mean for the balance of the year?

The CHAIRMAN. Yes.

Mr. SHERWOOD. I should say \$2,000, but no more than that.

The CHAIRMAN. Have you any very big items to be called for in the way of stationery?

Mr. SHERWOOD. No, except in the way of items that we need to replenish our stock.

Mr. STEWART. We will need for the photostat paper \$2,500 or \$3,000, and I think it would be dangerous to reduce this deficiency appropriation below \$4,000. After consultation with Mr. Sherwood, taking into consideration the fact that he has a balance of \$1,400, it might be all right to reduce it to \$2,500.

MISCELLANEOUS EXPENDITURES, INCLUDING TELEGRAPHING, FUEL, LIGHTS, ETC.

The CHAIRMAN. For miscellaneous expenditures, including telegraphing, etc., you have a deficiency estimate for 1920 of \$4,259.50. Is that an actual deficiency?

Mr. STEWART. That is an actual deficiency.

Mr. HARRIS. That is the ascertained bills for telegraphing, and we have had bills come in since the estimates were made which add \$100, so that the exact amount is \$4,352.23.

The CHAIRMAN. Those bills will have to be paid?

Mr. HARRIS. Yes; they are ascertained bills and would have been paid if the money had been available.

The CHAIRMAN. For the fiscal year 1921 you are asking \$15,000. What is your balance?

Mr. SHERWOOD. \$1,800.

The CHAIRMAN. As of what date?

Mr. SHERWOOD. As of this time.

Mr. STEWART. But in addition we have outstanding bills.

The CHAIRMAN. You have a cash balance of \$1,800, and what obligations have you that are unpaid?

Mr. SHERWOOD. You mean the allotments we have made?

Mr. STEWART. No; what obligations are against it in the way of telegraph bills and telephone bills unpaid?

Mr. SHERWOOD. If all of the telegraph and telephone bills were paid, there would not be anything in the \$1,800.

Mr. HARRIS. We now have telegraph bills amounting to \$6,459.18.

The CHAIRMAN. Are there any other bills?

Mr. STEWART. There are telephone bills.

Mr. HARRIS. Yes; there will be telephone bills for the remainder of the year, and those telegraph bills are only in up to February.

The CHAIRMAN. So that you will owe for March, April, May, and June?

Mr. HARRIS. Yes.

The CHAIRMAN. How much do those bills run a month?

Mr. SHERWOOD. Up to the present time we have passed bills amounting to \$7,780.03; that is, up to about the last of January or 1st of February.

The CHAIRMAN. You would need, then, around \$3,135 for telephone bills?

Mr. STEWART. Yes, or more than that, because there are five months left; it would be about \$4,500.

Mr. HARRIS. And the telegraph bills, running at the rate they are now, would require about \$4,000 or \$5,000.

Mr. SHERWOOD. And then those telegraph bills keep coming in after the close of the year.

Mr. HARRIS. You will remember that we wanted to charge these bills against the appropriation for the detection and prosecution of crimes, which is the big end of the business.

The CHAIRMAN. And you are charging them to this appropriation?

Mr. HARRIS. Yes; we wanted to transfer them to detection and prosecution of crimes, but you thought it best to pay them out of this appropriation.

#### FOR THE PURCHASE OF AN AUTOMOBILE FOR ATTORNEY GENERAL.

The CHAIRMAN. For the purchase of an automobile for the official use of the Attorney General, in exchange for old car now in use, you are asking \$6,857.

Mr. STEWART. Yes, sir.

The CHAIRMAN. How do you arrive at that amount?

Mr. STEWART. We arrived at that amount by making a dicker in advance with the man we are going to buy the automobile from. He is going to allow so much for the old car and so much as a Government discount, and that is the actual amount left.

The CHAIRMAN. What is the price of the new car?

Mr. STEWART. The Packard car, with all discounts off, is close to \$8,000. I do not know the exact figures, but about \$8,000 with all discounts.

The CHAIRMAN. What allowance is to be made for the old car?

Mr. STEWART. The difference is the allowance on the old car.

The CHAIRMAN. What kind of car have you now?

Mr. STEWART. Mr. Chairman, we have a Hudson car that was bought, if you remember, in the Spring of 1918 when Congress gave us \$3,500 to buy a car. Automobiles at that time were at the peak of high prices. I went out and found that the only car I could get for \$3,500 was this Hudson. I hold no brief for the Hudson car, but I have understood that it is a very good car, but this particular car has always been a very poor car. It was built during the war when they threw them together hastily, I imagine, and it never was a good car. We have spent money on it continually to keep it going. It caught fire once and almost burned up Attorney General Palmer and his wife down on the Speedway. It has always been a poor car. We are just in this shape, the Attorney General would like to have a new car and he will either have to get one himself or walk because that car is not going to be running very much longer. I put this item in the estimates last fall. Attorney General Palmer told me to be sure to put it in the estimates and try to get a new car, and he said that although he would not get any use of it, his successor would certainly need a new car, because he could not ride in this old one. I believe it is economy to get one. The Packard car we are getting will last the department 10 or 15 years without any material money spent on it for repairs. Of course, it is expensive to operate one of those big cars in the way of gasoline and tires, but there will not be much repair work on a Packard. We have been repairing this old Hudson all the time. It is always out of commission when you need it.

Mr. BUCHANAN. Do you know what character of car the other Cabinet officers have?

Mr. STEWART. I understand the State Department has a Packard, the Interior Department has a Packard, and I think the Labor Department has a Packard. I am not familiar with all the rest of them. The Secretary of Commerce has a Hudson exactly like ours. They bought it at the same time. I hope it is a better car than the one we have. I do not know how they are getting along with it, but we have had any amount of trouble with this one. We made the very best trade in advance we possibly could and these figures represent the actual cost to the Government, after the discounts and an allowance for the Hudson.

The CHAIRMAN. Is this an open car or limousine.

Mr. STEWART. It is a limousine, and the Attorney General certainly does need it.

#### FOR PURCHASE OF LIBRARY STACKS.

The CHAIRMAN. For the purchase of library stacks, you are asking \$1,900.

Mr. KEARNEY. The library of the Department of Justice was formerly in the Court of Claims Building. It was subsequently removed to the Department of Justice Building. Not all the books

were taken over there at that time nor have they been taken over since. There are in the collection which remains in the Court of Claims Building many books which are needed in the library in the department; it is for shelves for these books that this item is desired. The distance from the Department of Justice to the Court of Claims is probably a mile, and the room in which these books are housed is very damp and the books are deteriorating because of this dampness. Furthermore, I have been notified by the Chief Clerk of the Court of Claims that they need this room very much at this time for their own purposes. I think that these books would be destroyed within a short time if allowed to remain in this room in the Court of Claims Building. They are books which would be very difficult to replace.

The CHAIRMAN. Are these to be steel stacks?

Mr. STEWART. Yes, sir; just exactly like the stacks we have already in the library.

Mr. BUCHANAN. Is this room in the Court of Claims in the cellar?

Mr. KEARNEY. It is on the first floor, on the Seventeenth Street side.

The CHAIRMAN. And you are going to move them over to the Department of Justice Building?

Mr. KEARNEY. Yes, sir.

The CHAIRMAN. You now have to send over there for them?

Mr. STEWART. Yes, sir; and we have had that rather embarrassing situation for a long time.

Mr. BUCHANAN. Are these books of reference or what sort of books?

Mr. STEWART. They are regular law books.

The CHAIRMAN. Are they now on the shelves?

Mr. KEARNEY. They at the Court of Claims have already proceeded in this matter by taking away from us a part of this room and the books therein have been piled up on the floor.

The CHAIRMAN. The shelves themselves were not in condition so that they could be moved?

Mr. KEARNEY. No, sir; they are rough wooden shelves.

The CHAIRMAN. They are not Wernicke cases or anything of that kind?

Mr. KEARNEY. No, sir; they are wooden shelves.

#### FOR DETECTION AND PROSECUTION OF CRIMES.

The CHAIRMAN. For the detection and prosecution of crimes you are asking for a deficiency for the remainder of this year of \$250,000. You have an appropriation for this year of \$2,250,000.

Mr. STEWART. Yes. We had an appropriation of \$2,000,000, and got a deficiency of \$250,000, and we are now asking for \$250,000 more. I think we can concede \$100,000 on that. There has been a reduction in the force and the expenses have been reduced, and therefore we can reduce that amount \$100,000; \$35,000 is asked for employees at the seat of government and we can get along with \$25,000.

The CHAIRMAN. What is the state of your balance?

Mr. HARRIS. The balance on April 30 was \$412,399.27. That covered only March payments because we do not pay until the succeeding month. So we have three months yet to pay for; that is, we pay

practically the same as we paid in the preceding months in preceding fiscal year, and we figure there are always more bills close of the year in closing up a fiscal year than in the preceding months. We figure for the remaining three months of April, May and June there will be an average expenditure of about \$190,000 a month to close up the year. Of course, much of that may not be paid until August or September but it will be chargeable to this appropriation and there are commitments now against the appropriation which will consume the \$25,000 at the seat of government, in addition to what has already been allowed.

CHAIRMAN. What do you mean by commitments?

HARRIS. Employments at the seat of government payable out of this appropriation. You understand you authorize so much of this appropriation for services at the seat of government.

CHAIRMAN. You have been expending so far approximately \$190,000 a month?

Mr. HARRIS. Yes; somewhere near that amount.

The CHAIRMAN. You actually spent for the nine months of the year \$1,837,000, which would be a little over \$200,000 a month.

Mr. HARRIS. Yes; there has been a reduction now.

The CHAIRMAN. At the same rate that would require for the three months \$600,000. You have \$400,000, which would mean a deficiency of about \$200,000, but you say the reduction will permit you to get along with \$150,000?

Mr. STEWART. Yes, sir. There are reductions to be made and there are some that have already been made, and we are figuring that we can get along with \$150,000.

The CHAIRMAN. How about next year? Are you going to get along within your appropriation next year?

Mr. STEWART. We are going to make a strenuous effort to do so and we think we will.

Mr. HARRIS. From what the present Attorney General says, we think we are going to get along next year on that amount. Of course, the business is dropping off somewhat, but the selective service rolls that we are checking up require a great deal of money in the arrest and investigation of men who failed to register, etc. There are quite a number of them, and we have some very extensive investigations along that line. We also dip into the prohibition business so far as violations of the Reed amendment are concerned, and that takes something, and then there is quite a considerable charge under the Dyer Act, the automobile theft act, passed by the last Congress. During the war there was an investigative force in the Navy and War Departments which have now been disbanded and the Department of Justice has taken over a large part of that work. The investigation of the cantonments is also charged against this appropriation. Congress passed a resolution, you will remember, about a year ago, asking what the cost was and to investigate the cantonments and ascertain what frauds had been committed in connection with them, following an investigation by the Military Affairs Committee. That investigation is still going on.

The CHAIRMAN. How many men have you at work on that matter?

Mr. HARRIS. I think there are about 30 men on that now and they figure that it is now drawing to a close.

The CHAIRMAN. Do you keep your records in such a way that you can put in the hearings a statement showing about how many men are employed on these separate activities, with the cost of each activity?

Mr. HARRIS. We could, where they are well defined, such as anti-trust investigations.

The CHAIRMAN. For instance, take the prohibition work.

Mr. HARRIS. No; we could not.

Mr. STEWART. Mr. Chairman, the trouble about that is that these special agents may have half a dozen different jobs in one locality, and probably none of them very big, but the work has to be cut up in that way.

Mr. HARRIS. We have quite a large force now on the peonage business in the South. That has just come up again. Of course, during the war there was not much antitrust activity. They are moving more rapidly in trust matters than they did in the last two or three years, so that that has required something; but on the whole, we think we will get through on the appropriation next year, and with this \$150,000 we are asking here, that we will get through the remainder of this year.

FOR AUTHORITY TO MAKE PAYMENT TO ANNA J. PORTER.

I would also like to call attention to this proviso:

*Provided*, That the accounting officers of the Treasury are authorized and directed to pay from this appropriation to Anna J. Porter \$184.38, covering the expense of transporting the body of John F. Porter (who lost his life through exposure incident to the discharge of official duty) from Boise, Idaho, to Boston, Mass.

Mr. Porter was an examiner who was out in Boise, in the regular line of his duties, and was taken ill there and died. They said he had been exposed to some very severe weather in connection with some investigation he was making. Had he lived, the department would have paid for his expenses in returning to Washington.

The CHAIRMAN. The department sent him out there?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. And he lived in Boston?

Mr. HARRIS. No; he lived in Washington; that is, his headquarters was in Washington, the same as all the other examiners, but his home was in Boston and his body was returned there for interment.

Mr. BUCHANAN. From what disease did he die?

Mr. HARRIS. Influenza.

Mr. BUCHANAN. During the epidemic?

Mr. HARRIS. Yes, sir; but he caught cold through some investigation he was making, as I understand it.

Mr. BUCHANAN. Do you know of any other precedent along this line?

Mr. HARRIS. Well, take the case of a prisoner—

Mr. BUCHANAN (interposing). I am not talking about a prisoner, because, of course, a prisoner is on a different basis. Do you know of any precedent in any department along this line with reference to a civil employee?

Mr. HARRIS. I do not know, but I think I have seen them in bills that have been passed, but I could not recall just now the special provisions.

Mr. BUCHANAN. According to this language here you have Congress making the official declaration that he died in the performance of his official duty or that he contracted the disease in that way. Is not that apt to give rise to an equitable claim against the Government?

Mr. HARRIS. No; his widow has never made any claim.

Mr. KENNARD. Suppose you leave that particular language out, then.

Mr. BUCHANAN. I understand she has not made any claim, but you say here "covering the expense of transporting the body of John F. Porter (who lost his life through exposure incident to the discharge of official duty)."

Mr. HARRIS. That point had never occurred to us. You might strike it out and simply say that he was there on official duty.

Mr. BUCHANAN. But you are here representing the legal department of the Government, and I am just talking about the wording of your draft.

Mr. KENNARD. That is the language of the bill which was introduced in the Senate in 1919. I think it would be wise to amend it, however, to avoid that contingency. We did not intend to establish the possibility of a successful lawsuit. This is a very sad and a very meritorious case.

Mr. HARRIS. The widow is in very straitened circumstances, and is now working for a livelihood, and inasmuch as the Government would have paid the greater portion of this had he lived in paying his traveling expenses back to his headquarters, we thought probably this could be allowed.

The CHAIRMAN. How long had he been in the department?

Mr. HARRIS. About eight or nine years.

Mr. BUCHANAN. Did he leave any children?

Mr. KENNARD. His little one was born while he was away, and he never saw the child. That is one of the very sad things about the case.

Mr. BUCHANAN. The reason I asked about the precedents was that, of course, we have many traveling civil employees, and I do not know exactly what the bill would amount to or where the line of demarcation would be drawn if we followed such a practice. Of course, you are only informed as to whether or not the disease was contracted on account of the discharge of official duties. You do not know whether his duties required any special exposure to the elements or not or whether he would have contracted the disease anyhow, and of course those things are hard for us to pass upon.

Mr. HARRIS. The examiners are compelled, necessarily, to make extended trips into the country by carriage or team or automobile in the course of their investigations.

The CHAIRMAN. What salary did he draw?

Mr. HARRIS. He was getting \$1,800 at the time he died.

The CHAIRMAN. When did he die?

Mr. HARRIS. In December, 1918.

Mr. BUCHANAN. And these are the actual expenses paid out for the transportation of that body?

Mr. HARRIS. Yes, sir.



## FEDERAL COURT REPORTS AND DIGESTS.

The CHAIRMAN. For 181 copies of volume 12 of the Federal Reporter Digest you are asking \$905?

Mr. SHERWOOD. That is the amount needed for purchasing 181 copies of the Federal Reporter Digest, which has just been published.

The CHAIRMAN. What is the price of the Digest per volume?

Mr. SHERWOOD. Five dollars a volume. Two dollars a volume we pay for the Federal Reporter itself and for the Digest the price is \$5. The public pays \$7.50.

The CHAIRMAN. This is just to continue the sets now in use by officials throughout the country?

Mr. SHERWOOD. Yes.

The CHAIRMAN. This is not for the Federal Reporter, but simply for the Digest?

Mr. SHERWOOD. Yes, sir; volume 12 of the Digest.

The CHAIRMAN. You have an appropriation for this year of \$3,620.

Mr. SHERWOOD. That is for the continuation of the sets we now have and for buying the 10 volumes as published.

The CHAIRMAN. Does that require the expenditure of that full amount?

Mr. SHERWOOD. Not always. Sometimes they only publish 9 volumes, and in that case the balance goes back into the Treasury.

The CHAIRMAN. Will you use the entire amount this year?

Mr. SHERWOOD. I can not tell now. We do not know until they notify us that a volume is ready how many volumes will be published.

The CHAIRMAN. Do they publish a Digest every year?

Mr. SHERWOOD. No; this is volume 12 of the Digest and I think it has been about four years since we bought one before.

The CHAIRMAN. This is the exact amount that will be required to purchase these Digests?

Mr. SHERWOOD. Yes.

Mr. BUCHANAN. And that volume of the Digest is now out?

Mr. SHERWOOD. Yes, sir; it has been out for some little time, but not having the money we could not order it.

## SUPREME COURT REPORTS.

The CHAIRMAN. Then you are asking \$525 for 300 copies of volume 253 of the Supreme Court Reports, being the allotment under the law for the Department of Justice. Do you not have an appropriation for this purpose?

Mr. SHERWOOD. No, sir; we have been getting an appropriation annually for the purchase of separate volumes. Mr. Knaebel is more familiar with that item than I am, and can explain it to you.

The CHAIRMAN. Did you not formerly buy these books out of your appropriation of \$3,000 for books of the library?

Mr. STEWART. No, sir.

The CHAIRMAN. The appropriation for books for the courts was not available for this purpose?

Mr. STEWART. No, sir.

Mr. KNAEBEL. That is a new item, Mr. Chairman. The law provides that the reporter shall furnish 300 copies free to the Government of the first volume and 300 copies of the second volume, if there

is a second volume. When I became the reporter, it had been customary to furnish the third or the fourth volume free, but recently owing to the fact that the statutory price of these books was fixed below cost, it became necessary to economize, and consequently we can no longer furnish them without making a charge.

The CHAIRMAN. They were formerly furnished free by the publisher?

Mr. KNAEBEL. The law provides, in section 226 of the Judicial Code, that the reporter shall furnish 300 copies of the first volume and 300 copies of the second, if a second is ordered by the court. Nothing has ever been said about a third or a fourth. No provision has been made by law for paying for them. The publisher asked my advice as to whether he was obliged under the law to furnish 300 copies gratis of the third volume of last term. I looked up the law and advised him no. The matter was then taken up with the Attorney General's Office, which decided that there was no obligation to furnish these books free.

The CHAIRMAN. How many copies of volume 253 were published free by the publishers?

Mr. KNAEBEL. None; 251 was the first of the last term, 252 the second, and this is the third. I have a memorandum here which goes into the whole history of the law on the subject, if you care to have it.

The CHAIRMAN. I will not ask you to read it but will ask you to leave it with the committee.

Then, under your construction of the law, the first two volumes the publisher furnishes free.

Mr. KNAEBEL. Yes, sir; the custom grew up in this way, if I may go into it somewhat further: Of course, in the early days there was but one volume, and when the Government began to have relations with the reporter, it would buy so many copies, beginning at 50, say, for public use and pay him so much money. Then, later, when there came to be two volumes or when there might be two volumes, according to the work of the term, a further provision was made for his delivering so many copies of the second volume and payment was made accordingly.

The situation was somewhat readjusted by act of August 5, 1882. It fixed the amounts the reporter was to receive from the Government, at so much for the first volume and so much for the second, if the court ordered a second (following the old idea), with a certain expense allowance, and at the same time the price was fixed at which these reports might be sold to the public. The reporter, in return for these allowances, and for that price limitation, was obliged to furnish so many copies of the first and second volumes and to furnish them within a certain time. Subsequently to that, the amount of the work increased so that it became necessary to publish more than two volumes for a term. There have been as many published as five, I think, and frequently four, in the past, but never has there been any provision made by law for 300 copies to be furnished of the third or subsequent volumes. The custom was, when I became reporter, for the publisher to furnish 300 copies of the subsequent volumes and not charge anything. I followed that custom since 1916, the date of my appointment, and would be very

willing, as would the publisher, to continue to do so, but owing to the fact that the statutory price of \$1.75 per volume fixed for these books is less than the cost of production, the publisher has been obliged to economize and to save money wherever he could, to recoup in some degree the loss incident to the publication. So the question of whether the publisher was entitled to charge for the third volume was considered and put up to the Attorney General and his office decided it affirmatively.

The CHAIRMAN. Section 225 of the Judicial Code to which you refer, reads as follows:

The reporter shall cause the decisions of the Supreme Court to be printed and published within eight months after they are made; and within the same time he shall deliver 300 copies of the volumes of said reports to the Attorney General. The reporter shall, in any year when he is so directed by the court, cause to be printed and published a second volume of said decisions, of which he shall deliver a like number of copies in like manner and time.

I can see your construction is that if the additional volumes are issued at any time, then all issues in excess of the two volumes shall be paid for?

Mr. STEWART. Yes, sir.

The CHAIRMAN. Where is the authority of law for issuing more than two volumes during any term?

Mr. KNAEBEL. That has been left to the judgment of the reporter. The matter has been divided up to make volumes of convenience of size. It would not be feasible to put all the opinions and other matter of a term in two volumes without omitting all the argument of counsel, but that is not desirable. During my incumbency we have made only three, the court has not been accustomed to making an order for the third volume; only for the second.

The CHAIRMAN. Is this the first time that we have been called upon to appropriate?

Mr. KNAEBEL. Yes, sir.

The CHAIRMAN. Heretofore it has not been necessary?

Mr. KNAEBEL. No, sir; I might say in this connection that the publisher, with my help, has made application to the Judiciary Committees of both Houses to have a change in the law as to the price of the books, because it will be impossible to go on with the publication at the price which is now fixed.

The CHAIRMAN. Where do these 300 copies go?

Mr. KNAEBEL. To the Attorney General, and they are distributed by him to various public officials, as directed by the law.

The CHAIRMAN. You require the full 300 copies?

Mr. STEWART. We get 300 copies of the first and second.

The CHAIRMAN. What officials do they go to?

Mr. SHERWOOD. There are 570 copies that go to the judges and the courts and some of the officials here in Washington.

The CHAIRMAN. We buy 270 copies that go to the courts—the judges of certain courts?

Mr. STEWART. Yes, sir; the others are the 300 distributed in this way. Some go to the department.

The CHAIRMAN. And some to the public officials?

Mr. STEWART. Yes, sir; as prescribed in the law.

Mr. SHERWOOD. The code provides for that.

Mr. KNAEBEL. I think that is provided for in section 228 of the code.

Mr. HARRIS. Copies are also furnished to the solicitors of the various departments.

#### TRAVELING AND MISCELLANEOUS EXPENSES.

The CHAIRMAN. For "traveling and miscellaneous expenses" you are asking, for the fiscal year 1920, \$75.72. Is that an ascertained deficiency?

Mr. HARRIS. That is an ascertained deficiency, with the exception, Mr. Chairman, that we have a balance of \$20.33, so that amount may be reduced by \$20.33. The remainder is necessary to pay bills.

The CHAIRMAN. You want \$55.50?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. For 1921 you are asking a deficiency of \$1,000 for travel?

Mr. HARRIS. We made that estimate largely not knowing how much travel the Attorney General would do, and the new attorneys; but now, based upon the travel they are making, we do not think we will need \$1,000.

The CHAIRMAN. You do not need any of it?

#### FOR EMERGENCY PURCHASES.

Mr. HARRIS. No, sir; but we should like to have the wording suggested on page 65 under this appropriation, if we could. We are having a great deal of trouble with the accounting officers of the Treasury upon the question of emergency purchases.

The CHAIRMAN. That is the first paragraph—

In so far as the allowance of items for purchases, services, or expenses under the Department of Justice and courts of the United States is contingent under existing law upon the public exigency and emergency, the certificate of the proper administrative officer as to the existence of such exigency or emergency shall be conclusive.

Mr. HARRIS. Yes, sir. That is really amending section 3709 of the Revised Statutes to the extent that we will not be compelled to show so much with respect to the emergency as the accounting officers of the Treasury now compel us to do.

Mr. BUCHANAN. Would it not be better to make it read "the certificate of the Attorney General," rather than "the certificate of the proper administrative officer"?

Mr. HARRIS. The Attorney General does not sign any of these bills; of course, necessarily, he could not sign them.

Mr. BUCHANAN. Would it not be better to have some one official in the department instead of every bureau?

Mr. HARRIS. The chief clerk and administrative assistant signs most of them.

Mr. BUCHANAN. By using the words "administrative officer" it might be any one of 25 or 30 officers?

Mr. HARRIS. Not in our department; there are not that many. Either the Assistant Attorney General, the Solicitor General, or the assistant to the Attorney General.

Mr. BUCHANAN. It could be more than that?

were taken over there at that time nor have they been taken over since. There are in the collection which remains in the Court of Claims Building many books which are needed in the library in the department; it is for shelves for these books that this item is desired. The distance from the Department of Justice to the Court of Claims is probably a mile, and the room in which these books are housed is very damp and the books are deteriorating because of this dampness. Furthermore, I have been notified by the Chief Clerk of the Court of Claims that they need this room very much at this time for their own purposes. I think that these books would be destroyed within a short time if allowed to remain in this room in the Court of Claims Building. They are books which would be very difficult to replace.

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Mr. BUCHANAN. Is this room in the Court of Claims in the cellar?

Mr. KEARNEY. It is on the first floor, on the Seventeenth Street side.

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The CHAIRMAN. How many men have you at work on that matter?

Mr. HARRIS. I think there are about 30 men on that now and they figure that it is now drawing to a close.

Mr. HARRIS. Oh, no. That would carry us down until March 31 on the regular fixed salaries. Those who are on compensation to be determined, there are some back in December, January, and February. Those bills are not settled regularly. They render statements periodically, every two or three months, of the services actually performed, the date of the service, and what they actually did. Those all go to the Attorney General personally and he fixes the allowance then based upon the statement of the services they have rendered in that period. Those are back. We figure with the unexpended balance and with this \$150,000 we will get through the year. It is true that if it had not been for reductions by the present Attorney General there would have been a considerably greater deficiency. He has reduced since March 4 under this appropriation \$109,400 per annum in salaries. That is based upon the full year, and he put on in lieu of those about \$30,000, maybe \$35,000, in round figures. I should think the net reduction is \$75,000 under this appropriation. He decreased quite considerably the charges against other appropriations, the antitrust and the oil lands appropriations.

The CHAIRMAN. What service do the assistants employed out of this fund perform?

Mr. HARRIS. They have charge and represent the Government as counsel in cases where the United States attorney is unable to give his attention to the case because of the peculiar nature, probably, or because his time is so taken up with the regular business, but in addition we have a certain peculiar class of cases, in which these attorneys are employed. What we call patent infringement cases, for the infringement of patents on airplanes, etc.

Mr. STEWART. And battleships?

Mr. HARRIS. And the construction of battleships.

The CHAIRMAN. Infringement by the United States?

Mr. HARRIS. Yes, sir.

Mr. STEWART. Of patent rights?

Mr. HARRIS. And radio rights, ordnance, etc.

Mr. STEWART. There are something over \$300,000,000 of claims against the Government for patents alone.

Mr. HARRIS. I made rather an arbitrary division, but it is as close as it is possible to get it. Very frequently the attorneys on regular salaries, if they are not employed all the time, the Attorney General assigns them to additional cases so as to take up their time, so they shall not draw salaries while not doing anything. I figure that we are paying \$250,000 per annum for prohibition; on patent infringements, \$160,000—those are all special patent attorneys, no regular United States attorney can handle those cases. Then we have war contract cases, cases growing out of war contracts, including camp condemnation proceedings, there are considerable condemnation proceedings going on, \$75,000. For the admiralty, including the Emergency Fleet Corporation litigation, \$70,000. We paid in the Pacific coast shipyard cases \$15,000. We paid for the Lever food control cases \$65,000. They are disposed of now. For the cases involving the Alien Property Custodian and trading with the enemy act, \$65,000. I think that is a very conservative estimate. For the selective service prosecutions, \$50,000. Then, I figure in the prewar basis, \$250,000 regular business as it was running in 1912. For the general business, miscellaneous business, that comes up, it is hard to

enumerate. That makes \$1,000,000. The amounts heretofore appropriated together with the amount we are now asking make that amount.

The CHAIRMAN. In a case like the election case in Michigan is the expense paid out of this appropriation?

Mr. HARRIS. Yes, sir; Mr. Dailey, the special counsel in that case, was paid out of this appropriation.

The CHAIRMAN. How much did you have to pay in that case?

Mr. HARRIS. During all the time, \$28,500, to the best of my recollection.

The CHAIRMAN. That was just for special counsel?

Mr. HARRIS. Yes, sir.

The CHAIRMAN. Do you think that you will need \$150,000 for the rest of this year?

Mr. HARRIS. On the basis of the attorneys now employed, I think we will need the entire \$150,000. As I said, had it not been for the reductions made by the Attorney General it would have been much greater.

The CHAIRMAN. Are you going to be able to keep the expenses down so as to come within the appropriation for next year?

Mr. STEWART. \$600,000. It is a question, Mr. Chairman, whether we will be able to keep within the appropriation.

Mr. HARRIS. I doubt it, unless the patent attorneys are dispensed with.

Mr. STEWART. Unless we make disposition of a great many cases pending now, I do not see how it is possible.

Mr. HARRIS. We have one case where the attorney is being paid \$1,000 a month. He is now in Europe taking testimony in the Wagner case, which involves \$20,000,000. That is an Alien Property Custodian case.

FOR SALARIES OF CLERKS UNITED STATES DISTRICT COURTS, ETC.—  
AUTHORITY FOR CLERKS, DEPUTIES, AND ASSISTANTS TO RECEIVE  
ADDITIONAL COMPENSATION.

The CHAIRMAN. For salaries of clerks of United States district courts, their deputies, and other assistants, expenses of travel and subsistence and other expenses of conducting their respective offices, you are asking \$5,000.

Mr. KENNARD. The unencumbered balance of that appropriation is \$3,652.

The CHAIRMAN. At what date?

Mr. KENNARD. May 1, or the close of business April 30. The committee gave us in the last deficiency bill sufficient money to carry the existing organization to June 30, but we have been compelled to employ some additional help, and, because of the legislation prohibiting clerks and their deputies from receiving compensation both as clerks and commissioners, have been compelled to increase some salaries, which carries us slightly over the amount provided. We are asking particularly for an amendment to this legislation contained in the last deficiency act, which is in the interest of good service.

We have a number of deputy clerks at outlying points who receive very small salaries, such as \$600, \$800, or \$900, and we think it is



desirable to permit these deputy clerks to act as United States commissioners, provided the aggregate salary of the two offices does not exceed \$2,000. The legislation which was given to us in the last deficiency act was desirable and wholesome and meets with the approval of the department, but the situation would be improved by this amendment which we have here requested.

The CHAIRMAN. I understand that the Judiciary Committee has reported out a bill repealing the provision carried in the sundry civil act which provides:

That no clerk or deputy clerk or assistant in the office of the clerk of a United States district court shall receive any compensation or emoluments through any office or position to which he may be appointed by the court, other than that received as such clerk, deputy clerk, or assistant, whether from the United States or from private litigants.

Mr. KENNARD. The Attorney General believes that that legislation is wholesome and should not be repealed except to the extent here recommended. This proposed change, I think, would meet most of the real objections to the legislation.

Mr. STEWART. I believe that if we could get this change it would meet the situation probably that the committee is trying to meet in repealing this act.

Mr. BYRNS. Would the law prevent a deputy clerk from serving as a United States commissioner now?

Mr. STEWART. Yes, sir; as the law stands.

Mr. BYRNS. As the law stands?

Mr. STEWART. Yes, sir; but this language would permit him.

Mr. BYRNS. I did not know this was intended to permit that or to put him on a salary of \$2,000?

Mr. HARRIS. The law provides for clerks' offices in many places and we have to have a deputy at each. We have to pay him a living wage, \$600 or \$800 or \$900. The office must be maintained. His time is not all taken up, because he has some leeway in his duties. This would permit him to act as commissioner instead of paying another man probably \$1,200 or \$1,500 in fees and would result in a net saving to the Government and at the same time give the deputy a decent salary. What we do not like to see is a deputy clerk whose duties naturally do not take all his time, drawing all of his salary as deputy clerk, where he has ample time to serve as commissioner also.

Mr. STEWART. We have had several instances where deputy clerks getting \$2,500 or \$2,750 salaries as deputy clerks also earned two or three thousand dollars as United States commissioners. In that way the deputy clerk gets more than the clerk. Of course, if the man is a deputy clerk and is paid \$2,750, and he is earning two or three thousand dollars as a United States commissioner, he can not give all the time that he ought to give to the Government as a deputy clerk. That is manifest.

The CHAIRMAN. If the deputy clerk should be appointed in a case where the fees ran up to five or six thousand dollars, then it would take all his time as commissioner and you would have to appoint a deputy clerk in the office to do his work?

Mr. HARRIS. Yes, sir. We want to try to meet this situation with this amendment, and I think it does.

## LEGISLATION REQUESTED ON ACCEPTANCE OF PAYMENT FOR PROFESSIONAL SERVICES TO PRIVATE LITIGANTS.

The CHAIRMAN. You have a further proviso:

*Provided, further,* That the acceptance of payment for professional services for private litigants shall be deemed a vacation of their appointments as clerks, deputy clerks, clerical assistants, and they shall not thereafter be eligible for appointment to any office in a Federal court.

Mr. HARRIS. Yes, sir. Sometimes they act as a special master in cases between private suitors over which we have no control. The comptroller decided in a recent case that we could not prohibit them from accepting those fees, and held that the Government would also be compelled to pay the salaries as deputy clerks. This is to meet that decision of the comptroller. It might take up considerable or almost all the time of the man.

Mr. STEWART. And he would still draw his salary from the Government.

Mr. KENNARD. The comptroller said the law was clear but that we could not enforce it as to compensation received from private litigants.

The CHAIRMAN. You might control it in this way: You have the absolute right in fixing the salary of that office to reduce the fees.

Mr. HARRIS. No, sir.

The CHAIRMAN. I thought they were fixed by the Attorney General.

Mr. STEWART. But having been fixed, they must stay fixed.

Mr. BUCHANAN. Do not some of the clerks get over \$2,000?

Mr. STEWART. Yes, sir. This is to take care of the smaller places where only a portion of a person's time is necessary to discharge the duties of the position of deputy clerk.

Mr. BUCHANAN. It seems to me that in places where the duties take up the whole time of a man, \$2,000 would be a small salary.

Mr. STEWART. In the larger districts, that pay is increased.

Mr. BUCHANAN. In some places where they act as commissioner also, would not that be a small amount for the joint salary?

Mr. HARRIS. This would only apply to the smaller places where there is very little to do, and where the living conditions are not so high.

Mr. STEWART. That is the limitation recognized by Congress.

Mr. BUCHANAN. I can not help that. Here is a man serving as assistant clerk or deputy clerk and commissioner, and the joint compensation is limited to \$2,000.

Mr. BYRNS. The general statute limits that to \$2,000, and if you raise it there, why not raise it in other places?

Mr. BUCHANAN. That general statute limits the clerk hire.

Mr. HARRIS. That general statute limits them in holding the two positions.

Mr. BUCHANAN. The statute limits both positions to \$2,000.

Mr. HARRIS. Yes, sir.

Mr. BUCHANAN. It should be amended, especially if you add the provision preventing a clerk from accepting private employment.

Mr. KENNARD. I do not understand it that way. It only prohibits a particular kind of private employment, which is not wholly private employment, but quasi private. It has a judicial feature.

Mr. BUCHANAN. I believe that a good deal of discretion should be left to the judges in such matters.

#### FEEES OF UNITED STATES COMMISSIONERS.

The CHAIRMAN. For fees of United States commissioners and justices of the peace acting under section 1014, Revised Statutes of the United States, you are asking \$75,000. You have had \$300,000 for this year. What is the state of your balance?

Mr. KENNARD. The cash balance is \$139,663.

Mr. BUCHANAN. As of what date?

Mr. KENNARD. As of May 1. However, the cash balance is liable to be exceedingly misleading, as settlements with the commissioners have not been made for more than six months at most. We get at the amount needed in another way. We find that the accounts of commissioners as rendered for the six months ending December 31, 1920, amount to approximately \$175,000, and that the amount will ultimately reach \$180,000. We find that of the \$180,000 about \$80,000 represents the September quarter and \$100,000 the December quarter. The business of the commissioners, by reason of the enormous number of cases arising under the national prohibition act, is rapidly increasing, and the March and June quarters will run at least \$100,000, making a total for the year of \$380,000. The estimate is conservative, and, if anything, is too low. We have no control over the expenditures. They cover statutory fees fixed by law for specific services.

The CHAIRMAN. The increase, if we grant this amount, is approximately \$150,000 in excess of the normal expenditures for this purpose when you had a maximum of about \$225,000. What is that chargeable to, or this excess over former years?

Mr. KENNARD. Mainly to cases arising under the national prohibition act.

The CHAIRMAN. About how much would that run, do you think?

Mr. KENNARD. I have no separate tabulation, and it could be made only with considerable difficulty.

The CHAIRMAN. You have no discretion in the payment of these fees, but they are fixed by statute, and when they are certified you have to pay them?

Mr. KENNARD. Yes, sir; we can only see that they are in accordance with law.

The CHAIRMAN. I understand that, but where the work has been performed by the commissioner or justice of the peace under the statute, he must be paid the statutory fee?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. Do you think you will need all of this \$75,000?

Mr. KENNARD. Yes, sir; and probably a little more. We will probably need twenty or thirty thousand dollars additional.

#### FEEES OF JURORS.

The CHAIRMAN. For fees of jurors, you estimate that you will require \$100,000 additional. You have had an appropriation for this year of \$1,150,000 for this purpose. What is your balance?

Mr. KENNARD. Our Treasury balance is, in round numbers, \$72,000, against which we have requisitions for money aggregating \$238,000. Of course, we will not honor them in full, but a very large proportion of the money will be needed and must be advanced. The disbursements are made in the field by the several United States marshals. A most careful tabulation of the data places the expense for the current year at \$1,277,000. We have not asked for quite that much. This appropriation is like the one for fees of commissioners, in that the jurors are paid statutory fees, and our duty is simply to see that the charges are in accordance with the law.

SUPPLIES AND EXCHANGE OF TYPEWRITERS AND ADDING MACHINES.

The CHAIRMAN. For supplies, including the exchange of typewriting and adding machines for the United States courts and judicial officers, etc., you are asking \$25,000. You have an appropriation of \$90,000 for this purpose this year?

Mr. SHERWOOD. Yes, sir.

The CHAIRMAN. What is the condition of your balance?

Mr. SHERWOOD. There is no balance at all.

The CHAIRMAN. When did your appropriation become exhausted?

Mr. SHERWOOD. Since we received the first deficiency bill we ran with that up until about a month ago before it was entirely exhausted. We divided that among the envelope contractors and the Government Printing Office, thinking that the things we wanted from those two places were more important than anything else.

The CHAIRMAN. These supplies are for United States courts.

Mr. SHERWOOD. Yes, sir. The Public Printer's bill this year is something like \$37,000, and we have a lot of requisitions that we have not sent to the printing office because we have no money with which to pay them.

The CHAIRMAN. Is that amount more this year than last year?

Mr. SHERWOOD. It never has been over \$22,000 before.

The CHAIRMAN. It is \$37,000 this year?

Mr. SHERWOOD. Yes, sir; and it will be more than that.

The CHAIRMAN. How much more?

Mr. SHERWOOD. We figure that those requisitions that we have now awaiting to be sent will amount to \$22,000.

The CHAIRMAN. Why should that be more this year than last year?

Mr. SHERWOOD. The Public Printer's bills are greater than they were. I suppose that is because of the increased cost of labor.

The CHAIRMAN. Do you mean there has been an increase for the same things?

Mr. SHERWOOD. Yes, sir. The composition amounts to more than anything else, and we have had more requisitions from the clerks this year than we had last year. Last year was the first year that the salary system became operative, and it was the first year that clerks got their supplies from the department. During last year the Printing Committee gave the department permission to have the work done in the field until they could get it standardized. We now find that they can not standardize anything except the bankruptcy forms promulgated by the Supreme Court and, consequently, their requisitions come to us, and we must have the matter set up. That served to increase it about double.

The CHAIRMAN. You had \$90,000 for the year, and spent all of it in nine months, or at the rate of \$10,000 per month?

Mr. SHERWOOD. Yes, sir; we have here awaiting action this list of requisitions from the courts for typewriting and adding machines.

The CHAIRMAN. What does this total?

Mr. SHERWOOD. I think it totals something like \$8,000.

The CHAIRMAN. Would you get these typewriters through the General Supply Committee?

Mr. SHERWOOD. Yes, sir; we will get them from the General Supply Committee. They will all have to come from the General Supply Committee provided they can furnish them. We deduct 10 per cent, which they usually allow us from the original cost price.

The CHAIRMAN. It would look as though you were getting typewriters and adding machines for next year, because they will not use them this year.

Mr. SHERWOOD. We have not bought any typewriters for four or five months for the courts. Here [indicating] is a list of items and requisitions we have in the office for miscellaneous supplies which we have been holding up because we have not had the money with which to order these things from dealers.

The CHAIRMAN. This list totals \$5,725. You said something about a change in the law requiring large appropriations for this purpose. I think you said a moment ago that the change in the law required larger appropriations.

Mr. SHERWOOD. Yes, sir.

The CHAIRMAN. Why should they require more appropriation for supplies?

Mr. SHERWOOD. Because we have to supply each clerk's office throughout the country directly from the department.

The CHAIRMAN. Did you do that before?

Mr. SHERWOOD. No, sir; they purchased them from the emoluments of their offices, but the emoluments now go into the Treasury.

The CHAIRMAN. What do the emoluments amount to?

Mr. KENNARD. Do you mean the total amount of emoluments going into the Treasury?

The CHAIRMAN. Yes.

Mr. KENNARD. About \$700,000 (excluding naturalization fees), goes into the Treasury now that was formerly used, not merely for supplies, but for salaries also.

The CHAIRMAN. For 1915 and 1916 we appropriated \$35,000 for this purpose, and now for the salaries of clerks we are appropriating this year \$1,046,000.

Mr. KENNARD. That is for the salaries of clerks and deputies and for some of the office expenses.

The CHAIRMAN. When this fee system was changed, my understanding was that you would save money, but here, for instance, the salaries of the clerks amount to \$250,000 more than the receipts of the office for this year. Instead of saving money by that plan the Government is losing money. Then, when it comes to this item of supplies in the way of typewriters, etc., which were formerly purchased out of the emoluments, the appropriation was formerly \$35,000, but for this year, if we grant this appropriation, the amount will be \$115,000.

Mr. SHERWOOD. These clerks were never in there, Mr. Chairman, until 1919.

Mr. KENNARD. Will you permit me to make a statement in connection with your statement that this salary system is costing a great deal more than the old fee system? There are one or two points that should be considered in this connection: The collections or earnings turned into the Treasury in 1920 were comparatively small, because of a material decrease in bankruptcy proceedings and other civil business. We estimate that the revenues to be turned into the Treasury for the current year will be about \$1,000,000. In addition to this there is a revenue reaching the Treasury in connection with naturalization matters. I do not know how much it is now, but in 1918, naturalization earnings amounted to nearly \$100,000. It would appear therefore that the salary system will, under normal conditions, be about as expensive, but not much more expensive, than the fee system.

The CHAIRMAN. It seems to me that it will be much more expensive; because you have for the current year for salaries of clerks \$1,046,000. You state that the receipts from the offices will probably be—

Mr. KENNARD. (interposing). They will probably be about \$1,000,000.

The CHAIRMAN. Last year they amounted to only \$700,000.

Mr. KENNARD. They came down heavily last year. They were below normal. Naturalization earnings, however, should be added to the \$700,000 mentioned.

The CHAIRMAN. Well, let us take last year. For last year you had for fees \$955,000, and you had for supplies last year \$80,000.

Mr. KENNARD. Not more than \$25,000 of that was for clerks.

The CHAIRMAN. You had last year approximately \$975,000 for salaries and supplies, and you had only \$700,000 of receipts.

Mr. KENNARD. A little less than \$700,000, excluding naturalization earnings.

The CHAIRMAN. So that you ran behind over \$250,000 last year?

Mr. KENNARD. We expect better results this year.

The CHAIRMAN. I should hope so, because instead of this being a source of revenue to the Government, as we were told last year that it would be, it has resulted in a big loss to the Government, and we can only judge the future by what our actual experience has been.

Mr. KENNARD. Was not the change predicated as much on the fact that the new method was a much better system of handling the matter, as it was on the question of saving?

The CHAIRMAN. I think that was the entire argument offered.

Mr. KENNARD. I should have regarded the improvement in method as the main argument; the anticipated saving being incidental.

The CHAIRMAN. Be that as it may, it appears here from what you have stated that if you grant anything like all these requisitions you are going to require more than \$25,000.

Mr. SHERWOOD. I do not know that we will. The \$8,000 and \$7,000 make \$15,000, which would leave about \$10,000 to go on to the end of the year.

The CHAIRMAN. How are you checking up on these clerks to find out whether they are as economical now as they were when they

bought these typewriters and supplies from the emoluments of the offices?

Mr. SHERWOOD. We go to the records and see how many typewriting machines they have and how long they have had them, and if there is any question in our minds as to the reasonableness of their requests we ask them for an explanation, and upon their explanation depends whether they get the typewriters or not.

Mr. KENNARD. In addition to that, there will be a general round-up as soon as the field examiner reaches the district.

The CHAIRMAN. Have you called his attention to the fact that this appropriation has grown from \$35,000 in 1916 to \$115,000 for this year, and that over \$25,000 of it is chargeable to the change in the law whereby supplies are now purchased by the Government that were formerly purchased by the clerks from the emoluments of their offices?

Mr. KENNARD. But since 1916 not only has the general business of all the offices increased but the price of material has enormously increased.

The CHAIRMAN. Of course, that is true.

Mr. SHERWOOD. Dockets constitute an important item, and the cost of dockets has gone up very considerably at the Government Printing Office. You can see that by the amount they charged last year. It is \$37,000 as against \$22,000.

The CHAIRMAN. Suppose you arranged this so that a part of these supplies could go over until next year to be taken care of out of next year's appropriation, to what extent could we reduce this estimate?

Mr. SHERWOOD. They are complaining bitterly about their offices being in bad shape because of the lack of supplies. The typewriters total \$7,075.17, and we can probably make all of them wait until next year, anyway. When an attorney, marshal, or clerk writes in for blanks, and we can not furnish them within a reasonable time, of course the office is in bad shape.

The CHAIRMAN. I understand that, and the Government should furnish the blanks to the offices with reasonable promptness.

Mr. SHERWOOD. For that reason the last deficiency allowed us was divided between the Government Printing Office and the contractor for envelopes. As I told you, we have requisitions in the department waiting to be sent to the Public Printer. We have 150 requisitions to be sent to the Government Printing Office covering blanks and other things. We have not yet sent them down.

The CHAIRMAN. Of course, that work ought to be done. Assuming that you did that work, to what extent could this estimate be safely reduced by the elimination of typewriters and other supplies that could be postponed until the beginning of next year and paid for out of the regular appropriation?

Mr. SHERWOOD. The items on that other list are badly needed. That covers typewriter ribbons and other such supplies.

The CHAIRMAN. That list totals \$5,750.

Mr. SHERWOOD. All of that should be ordered as soon as possible.

The CHAIRMAN. Suppose you ordered those supplies and sent in your requisitions to the Public Printer, how much money would you need?

Mr. SHERWOOD. There would be \$3,000 worth of requisitions to go down there in addition to the \$7,000, about \$1,000 of which is provided for. That would leave us about \$4,000 on that account, and there are \$5,725 on this list.

The CHAIRMAN. How much would you require for the Public Printer?

Mr. SHERWOOD. We ought to have at least \$5,000 for that. We ought to have more than that.

The CHAIRMAN. Suppose we gave you \$15,000, how would that leave the United States courts with regard to these supplies? That would stock them up some for next year, but I do not see that there would be much objection to that, as you have already spent \$90,000, and you have only \$75,000 appropriated for next year. Suppose we gave you \$15,000 for this year, how would that leave the various United States courts and offices in the matter of supplies?

Mr. SHERWOOD. I think we might manage to get along with it by turning down everything that is not absolutely necessary, but we will have to draw requisitions for dockets.

The CHAIRMAN. It seems to me you ought not to stock up with supplies at these high prices.

Mr. SHERWOOD. I was speaking of dockets, and they are something we ought to have on hand.

The CHAIRMAN. That is true, of course, and enough blanks on hand; but I do not think you should keep blanks for a year ahead as you do in some cases.

Mr. SHERWOOD. We have many people throughout the country who require these blanks, and we should have a sufficient supply on hand to meet their demands.

The CHAIRMAN. Out of this appropriation do you pay for any blanks in regard to the enforcement of prohibition?

Mr. SHERWOOD. Three forms have been printed in connection with prohibition, and I think something like 78,000 have been printed and distributed among the attorneys.

#### FOR PRINTING AND BINDING.

The CHAIRMAN. For printing and binding for the Department of Justice you are asking \$15,000. You have an appropriation of \$40,000, which is the same amount you have had for the two previous years. What is the condition of your balances?

Mr. SHERWOOD. On the 31st of March the Public Printer advised us that we had to our credit \$1,580.81, whereas we should have, according to our average, something over \$10,000. In his letter to us he said:

Requisitions for printing will not be executed in any instance where there is no available balance.

The CHAIRMAN. Then you are only short \$10,000 instead of \$15,000?

Mr. SHERWOOD. That could easily be cut to \$10,000, sir.

The CHAIRMAN. What is this printing for?

Mr. SHERWOOD. For all the needs of the department, the opinions of the Attorney General, the register, blank books of all kinds, and forms that are used in the department.



## FOR SUPPORT OF UNITED STATES PRISONERS.

The CHAIRMAN. You are asking \$50,000 for support of United States prisoners, and for this year you have an appropriation of \$870,000. What is the condition of your finances?

Mr. KENNARD. We have a Treasury cash balance of \$83,400 as of May 1, and we have requisitions of \$173,000, but which we will not honor in full, as some of them are probably excessive. A very careful estimate of the expenditures for this year has been made. They will aggregate about \$925,000, so that the deficiency estimate is clearly conservative. We have more prisoners, of course, since so many arrests have been made under the national prohibition act. We used for the first half of the year \$30,000 or \$40,000 more than we did during the like half of the previous year.

The CHAIRMAN. You have \$105,000 less in the appropriation than you had the previous year, and I presume the reduction in expenditures is due to the reduced cost of the support.

Mr. KENNARD. I should say rather due to the confinement of a larger number of prisoners in the Federal institutions.

The CHAIRMAN. You did not get my question.

Mr. KENNARD. It may be I misunderstood you.

The CHAIRMAN. In 1920 you had \$975,000 and for 1921 you had \$870,000, which is \$105,000 less than you had in 1920.

Mr. KENNARD. Precisely.

The CHAIRMAN. You are now asking for \$50,000.

Mr. KENNARD. Which would still leave us less this year.

The CHAIRMAN. Which would still leave you \$55,000 less than last year?

Mr. KENNARD. Yes.

The CHAIRMAN. And at the same time you have more prisoners.

Mr. KENNARD. My understanding of the matter is that we are putting more of them in the Federal institutions at Atlanta and Leavenworth, for which separate appropriations are made.

The CHAIRMAN. Are you not buying everything you feed them for less money than you paid before?

Mr. KENNARD. That may have something to do with it, but it would be very little, because we do not buy except in Alaska; that is, we do not buy the food; but the cost of food would make a big difference in the Alaska cost of caring for our prisoners.

The CHAIRMAN. Do you mean you raise most of your food?

Mr. KENNARD. No; the prisoners are housed in State institutions or kept in county jails, where they are held over pending trial and subsisted under contract rates. Of course, the reduced cost of food would enable us to make better contracts. This subject comes particularly under the superintendent of prisoners and his assistants, who are far more familiar with the matter of contracting for the support of prisoners than I am.

## COST OF MAINTENANCE FOR PRISONERS.

The CHAIRMAN. How many United States prisoners have you this year in institutions other than United States penitentiaries?

Mr. KENNARD. I can insert that information in the record.

The CHAIRMAN. I wish you would, and give the number this year, the number last year, and the average paid per prisoner during the two years.

Mr. KENNARD. This year, I think, is not ready, but I can obtain data for previous years.

The CHAIRMAN. If you can give any indication as to what it will be this year I wish you would do so.

Mr. KENNARD. Very well.

NOTE.—Our records do not enable us to give the number of prisoners confined in State jails and other penal institutions, which varies from day to day. We submit, however, tables, one showing the number of days' subsistence in each of the judicial districts with the total subsistence cost for fiscal year 1920, and the other the present per diem rate for support of prisoners. The number of per diems for the fiscal year will not be ready until some time in August.

*Cost of maintenance of United States prisoners in State penitentiaries and jails during fiscal year 1920.*

Judicial districts.	Number of days subsistence.	Subsistence cost.	Judicial districts.	Number of days subsistence.	Subsistence cost.
Alabama:			Nebraska.....	9,757	\$6,342.05
Northern.....	10,021	\$5,986.00	Nevada.....	2,502	1,857.00
Middle.....	2,438	1,219.00	New Hampshire.....	927	529.72
Southern.....	3,098	1,540.00	New Jersey.....	14,720	7,143.85
Alaska:			New Mexico.....	13,444	11,490.26
First division.....	8,266	5,283.23	New York:		
Second division.....	3,280	4,250.64	Northern.....	5,834	2,650.19
Third division.....	15,069	15,636.23	Eastern.....	3,832	3,316.04
Fourth division.....	3,726	5,828.78	Southern.....	14,973	13,085.79
Arizona.....	41,011	33,652.96	Western.....	6,573	3,133.95
Arkansas:			North Carolina:		
Eastern.....	6,725	6,724.50	Eastern.....	10,523	5,590.45
Western.....	3,295	2,789.50	Western.....	9,793	5,304.15
California:			North Dakota.....	1,999	1,700.65
Northern.....	20,999	10,136.16	Ohio:		
Southern.....	17,437	7,551.25	Northern.....	31,907	21,408.40
Colorado.....	5,057	3,673.90	Southern.....	22,520	13,553.70
Connecticut.....	3,903	1,597.46	Oklahoma:		
Delaware.....	3,812	2,267.20	Eastern.....	47,006	26,850.85
Florida:			Western.....	15,124	9,398.53
Northern.....	3,346	1,673.30	Oregon.....	17,137	10,303.21
Southern.....	9,939	5,818.60	Pennsylvania:		
Georgia:			Eastern.....	5,371	4,023.30
Northern.....		15,599.40	Middle.....	8,419	3,642.85
Southern.....	28,255	17,161.30	Western.....	10,284	5,131.70
Hawaii.....	16,633	10,811.45	Porto Rico.....	6,358	1,271.60
Idaho.....	6,069	4,551.75	Rhode Island.....	4,801	3,443.76
Illinois:			South Carolina:		
Northern.....	21,778	14,435.76	Eastern.....	20,703	10,421.50
Eastern.....	14,787	7,893.65	Western.....	11,064	4,710.60
Southern.....	9,062	4,448.50	South Dakota.....	3,173	2,822.35
Indiana.....	20,215	12,129.00	Tennessee:		
Iowa:			Eastern.....	9,100	6,853.75
Northern.....	3,475	2,780.40	Middle.....	7,994	7,323.25
Southern.....	9,878	7,363.75	Western.....	5,376	3,755.80
Kansas.....	17,104	10,808.50	Texas:		
Kentucky:			Northern.....	23,611	11,905.50
Eastern.....	16,222	12,355.00	Eastern.....	5,833	2,871.05
Western.....	4,492	3,062.29	Southern.....	15,664	7,490.55
Louisiana:			Western.....	37,772	18,968.40
Eastern.....	6,374	2,593.70	Utah.....	3,500	2,625.25
Western.....	5,455	2,727.50	Vermont.....	4,375	3,285.80
Maine.....	3,072	1,855.15	Virginia:		
Maryland.....	20,332	9,217.40	Eastern.....	12,086	6,110.09
Massachusetts.....	9,545	3,737.57	Western.....	7,326	4,137.15
Michigan:			Washington:		
Eastern.....	16,804	10,412.40	Eastern.....		2,341.50
Western.....	1,801	1,050.45	Western.....	25,741	20,547.43
Minnesota.....	12,425	8,684.24	West Virginia:		
Mississippi:			Northern.....	14,015	8,192.10
Northern.....	2,096	1,267.00	Southern.....	5,919	3,839.45
Southern.....	6,223	3,783.70	Wisconsin:		
Missouri:			Eastern.....	3,391	1,789.60
Eastern.....	10,762	7,222.84	Western.....	3,405	1,789.60
Western.....	12,981	6,487.65	Wyoming.....	3,842	2,963.16
Montana.....	9,478	7,488.60			

*Rates.*—California State Penitentiary, 75 cents; Missouri State Penitentiary, 60 cents; Maryland State Penitentiary, \$1; Iowa Reformatory, 90 cents; West Virginia State Penitentiary, 40 cents; Colorado State Penitentiary, \$1.50.

*Cost of maintenance of United States prisoners in State penitentiaries and jails during fiscal year 1920—Continued.*

Judicial districts.	Present per diem rate for support of United States prisoners in county jails.	Judicial districts.	Present per diem rate for support of United States prisoners in county jails.	Judicial districts.	Present per diem rate for support of United States prisoners in county jails.
Alabama:		Kentucky:		Oklahoma:	
Northern.....	<sup>1</sup> \$0.50	Eastern.....	\$0.75	Eastern.....	\$0.75
Middle.....	1.50	Western.....	.75	Western.....	.75
Southern.....	1.50	Louisiana:		Oregon.....	.60
Alaska:		Eastern.....	.60	Pennsylvania:	
First division.....	.70	Western.....	<sup>4</sup> .75	Eastern.....	.64
Second division.....	1.50-2.00	Maine.....	.75	Middle.....	.50
Third division.....	1.50	Maryland.....	.60	Western.....	.50
Fourth division.....	3.00	Massachusetts.....	.60	Porto Rico.....	.28
Arizona.....	1.00	Michigan:		Rhode Island.....	.42 <sup>4</sup>
Arkansas:		Eastern.....	1.00	South Carolina:	
Eastern.....	1.00	Western.....	.85	Eastern.....	.50
Western.....	1.00	Minnesota.....	.70	Western.....	.50
California:		Mississippi:		South Dakota.....	1.00
Northern.....	.90	Northern.....	.70	Tennessee:	
Southern.....	.50	Southern.....	.70	Eastern.....	<sup>4</sup> .75
Colorado.....	1.50	Missouri:		Middle.....	.75
Connecticut.....	.75	Eastern.....	.75	Western.....	.75
Delaware.....	.60	Western.....	.75	Texas:	
Florida:		Montana.....	1.00	Northern.....	.50
Northern.....	.65	Nebraska.....	.65	Eastern.....	.50
Southern.....	.65	Nevada.....	.75	Southern.....	.50
Georgia:		New Hampshire.....	.50	Western.....	<sup>4</sup> .50
Northern.....	.75	New Jersey.....	.75	Utah.....	1.00
Southern.....	<sup>3</sup> 1.00	New Mexico.....	.75	Vermont.....	.75
Hawaii.....	.65	New York:		Virginia:	
Idaho.....	.75	Northern.....	.87	Eastern.....	.56
Illinois:		Eastern.....	.90	Western.....	.80
Northern.....	.75	Southern.....	.75	Washington:	
Eastern.....	.75	Western.....	.75	Eastern.....	.60
Southern.....	.65	North Carolina:		Western.....	.75
Indiana.....	<sup>2</sup> .60	Eastern.....	.75	West Virginia:	
Iowa:		Western.....	.75	Northern.....	.60
Northern.....	.90	North Dakota.....	.85	Southern.....	.75
Southern.....	.80	Ohio:		Wisconsin:	
Kansas.....	.75	Northern.....	.75	Eastern.....	1.00
		Southern.....	.70	Western.....	.60
				Wyoming.....	1.00

<sup>1</sup> Key fees, \$1 each, in and out.<sup>2</sup> Key fees, 60 cents.<sup>3</sup> Key fees, 25 cents.<sup>4</sup> Key fees, \$1.

The CHAIRMAN. Are you going to need all of the \$50,000?

Mr. KENNARD. Yes, sir; and probably more.

## MISCELLANEOUS EXPENSES.

The CHAIRMAN. For such miscellaneous expenses as may be authorized by the Attorney General for the United States courts and their officers you are asking a deficiency for 1920 of \$1,059.88. Is that an ascertained deficiency?

Mr. KENNARD. That is an ascertained deficiency, and is covered by definitely examined and audited bills.

The CHAIRMAN. What are they for?

Mr. KENNARD. Some of them are for services of commissioners of view; some for services as guardian ad litem; some for services of appraisers, expert witnesses, etc.

The CHAIRMAN. That is the character of the expenditures made under this appropriation?

Mr. KENNARD. Yes, sir.

The CHAIRMAN. What are the larger expenditures?

Mr. KENNARD. The main item is for stenographers and messengers to judges, but these items have nothing to do with that particular phase of the matter.

The CHAIRMAN. They are paid monthly?

Mr. KENNARD. Yes, sir. I can give the amount, if desired. About \$340,000 of the appropriation is used for stenographers and messengers to judges and other miscellaneous court attachés.

The CHAIRMAN. For 1921 you are asking \$40,000. How do you figure you will need \$40,000 more?

Mr. KENNARD. As to the present year the appropriation is now overencumbered \$34,500.

The CHAIRMAN. What do you mean by "overencumbered"?

Mr. KENNARD. The total amount of authorized expense exceeds the total amount appropriated.

The CHAIRMAN. The expenditures and the requisitions?

Mr. KENNARD. No. The whole appropriation is subject to authorization by the Attorney General and when he authorizes an expense we charge the item upon what is known as a liability record at an estimated amount, and correct it thereafter from time to time as the reports of actual expenditures come in. An authorization is treated as a contingent liability. We keep generally informed as to the status of the appropriation through this system of charging each authorization thereunder.

The CHAIRMAN. That is, the Attorney General authorizes the clerk, or some other officer of the court, to pay—

Mr. KENNARD (interposing). If he authorizes the United States district attorney, for instance, to employ an expert in a certain case, we require the district attorney, when he makes his application for authority, to state how long he thinks he will need the expert and what rate he proposes to pay. We then, upon authorizing the expense, make a charge of the estimated amount of the bill and correct the charge when the actual expense is ascertained.

The CHAIRMAN. Expert witnesses are paid out of this appropriation?

#### EXPENSES IN WAGNER CASE.

Mr. KENNARD. Yes. Handwriting experts, land experts, medical experts, and other classes. I want to state particularly that we have in view some special and unusual expenses under this appropriation in connection with the Wagner cases. The Alien Property Custodian seized some 11 ships and a quantity of cash on the ground that the property belonged to citizens of Germany residing therein, particularly Hugo Stiness, the German billionaire, and was hid by Wagner, as an agent of Germany, to defeat the provisions of the trading with the enemy act. We must now endeavor to prove that Wagner was an agent of Germany or we will have to return the ships and the property, valued in all at about \$20,000,000. It is therefore necessary for us to take a great deal of testimony abroad, in Copenhagen and elsewhere. It will be taken and paid for through the Department of State at the rates prevailing in the country where the work is done. We will have to reimburse the State Department from this

fund. If the contention of the Government is sustained in this matter, all these costs will be reimbursed from the estates involved.

The CHAIRMAN. How much do you estimate that will cost?

Mr. KENNARD. The ultimate total cost under this appropriation will be in the neighborhood of \$15,000. This would make the deficiency appear larger than it really is, but I am hoping that this overencumbrance of \$34,000 will be reduced by later reports. However, there have been other reasons for a larger expenditure this year. The proceedings for the acquirement of the Bush terminal property, Piers 4 to 8, in Brooklyn, and the proceedings for the acquirement of a port terminal and Army base at Charleston, S. C., have caused additional expense in connection with the necessary services of experts familiar with property values, and the cost of printing calendars and briefs has been much greater than in previous years.

The CHAIRMAN. Will it be necessary to do more than take care of this \$34,000 of overauthorization?

Mr. KENNARD. Yes; that does not cover the foreign testimony, which has not yet been charged and is not included in the schedule of liabilities.

The CHAIRMAN. It will not all be paid out this year?

Mr. KENNARD. Well, they are proceeding with the work now, but I presume some of it will go over to next year; \$40,000 is a very conservative estimate.

I was requested by my superior to ask the committee if they would consider including this new proviso under this appropriation, although it is not in the estimates.

FOR PAYMENT TO UNITED STATES DISTRICT ATTORNEY FOR THE  
MIDDLE DISTRICT OF TENNESSEE.

The CHAIRMAN. You are asking for the inclusion of the following proviso:

*Provided*, That there shall be allowed under this appropriation the amounts aggregating \$72.68, paid by the United States district attorney for the middle district of Tennessee from his personal resources, incident to effecting the attendance of witnesses essential to the prosecution of cases involving the embezzlement of platinum belonging to the Government.

Mr. KENNARD. The facts, briefly stated, are that this was a very important case, involving the embezzlement of \$300,000 worth of platinum from the Old Hickory Powder Plant at Jacksonville, Tenn., near Nashville. One of the witnesses in the case was a prisoner; he was brought down to testify and the district attorney realized that if he was confined in the jail with the defendant there would be great danger of collusion, so he made arrangements to have him confined elsewhere, the nearest place being 8 or 10 miles away, in order to prevent jeopardizing the case. The resulting expense of bringing this prisoner witness in from day to day he paid, there being no provision of law for it, out of his own pocket. There was one other very important witness who became very indignant and threatened to go home, because the expenses allowed were insufficient to pay his board bill. The hotel proprietor could have and would have arrested him for nonpayment, and rather than queer the case the district attorney guaranteed his board bill and paid the excess out of his pocket, all

of which was necessary in order to protect the interests of the Government.

The CHAIRMAN. Did you recover the platinum on those cases?

Mr. KENNARD. Fines aggregating \$46,000 and costs were imposed. We are still endeavoring to trace and recover the platinum, a portion of which, valued at about \$25,000, has already been recovered.

ATLANTA (GA.) PENITENTIARY—FOR CLOTHING, TRANSPORTATION, TRAVELING EXPENSES, ETC.

The CHAIRMAN. At the Atlanta (Ga.) penitentiary you are asking a deficiency appropriation of \$5,000 for clothing, transportation, and traveling expenses.

Mr. KENNARD. This is a matter with which I am only slightly familiar. The superintendent of prisons and his assistant are away at Atlanta and will not be back until Friday morning, but I can give the committee a general idea of this matter, and if it desires to hear them afterwards you can let us know. This deficiency, I am informed, arises from the fact that Congress has increased the gratuities paid to prisoners upon release from \$5 to \$10, and allowed clothing not to exceed \$15 instead of \$12; also for the reason that transportation costs have increased about 25 per cent. The payments made from this appropriation are fixed by law and must be made accordingly.

The CHAIRMAN. What is the condition of the balance?

Mr. KENNARD. The statement shows that on March 31 there was \$98,000 expended out of a total appropriation of \$95,000.

The CHAIRMAN. But you had some credits?

Mr. KENNARD. The appropriation was \$95,000 and the credits were \$16,838, making a total of \$111,838, out of which \$98,500 was expended, so that there was approximately \$13,000 available on March 31, with the promise of further transfers of credits of about \$8,000, making in all \$21,000. I should judge from the figures that \$5,000 would certainly be needed to make the payments required by law.

FOR MISCELLANEOUS EXPENDITURES.

The CHAIRMAN. For miscellaneous expenditures at Atlanta you are asking \$463.11 for the fiscal year ending June 30, 1920. Is that an ascertained deficiency?

Mr. KENNARD. That is an actual and definitely ascertained deficiency.

The CHAIRMAN. Do you know what it is for?

Mr. KENNARD. There are six or eight small bills, bills of the Southern Railway Co., of the Public Printer, and other miscellaneous transfer bills.

M'NEIL ISLAND, (WASH.) PENITENTIARY—FOR MISCELLANEOUS EXPENDITURES.

The CHAIRMAN. For miscellaneous expenditures at the McNeil Island (Wash.), Penitentiary, you are asking a deficiency appropriation of \$1,500.

Mr. KENNARD. With reference to this item, I am informed that the balance is about sufficient to care for the ordinary and absolutely necessary expenditures under the appropriation, but that the high cost of material has caused them to defer certain other much-needed work, plumbing repairs and cement work, which they would like to go ahead with.

The CHAIRMAN. And if those are postponed until next year you do not need the money?

Mr. KENNARD. That is my understanding, sir. It is up to the committee. If you give us the money we can go ahead with the work. The warden states that the matter is somewhat urgent, that the repairs are very much needed, and that they have already been delayed for some time.

FOR CREDIT IN ACCOUNT OF JOHN J. MITCHELL.

The CHAIRMAN. You are asking that the following be carried in the bill:

The accounting officers of the Treasury are authorized and directed to allow in the account of John J. Mitchell, as United States marshal for the district of Massachusetts, for the quarter ending December 31, 1919, charges covering disbursements aggregating \$19.15 for the purchase of folders and the printing of cash slips, all for the use of the clerk of the United States District Court for said district.

What is the situation with reference to that?

Mr. KENNARD. The point here is to protect a disbursing officer who proceeded under and in accordance with the directions of the department in the purchase of these papers. The comptroller subsequently held that cash slips were not "other necessary court papers," as the department had supposed. The Joint Committee on Printing gave us authority to have "other necessary court papers, records, and transcripts" printed in the field where there was an emergency requiring such action, and in construing the order of the joint committee the comptroller has held that these cash slips did not come within the scope of the words "other necessary court papers," and should have been printed at the Government Printing Office, where they would have cost just as much at least. The amount has been disallowed and stands against the officer, notwithstanding he acted in good faith and in accordance with the directions of his superior. As to the folders, there was also a misunderstanding as to the requirement that they must be bought in Washington, D. C., under the general contract schedule. The item is merely to adjust a difference that has arisen through misunderstanding and in which the Government has suffered no financial loss.

FOR COMPENSATION FOR SERVICES AS UNITED STATES MARSHAL TO  
JOSEPH E. LA CHANCE.

The CHAIRMAN. You are asking that--

The accounting officers of the Treasury are authorized and directed to allow under the appropriation "Salaries, fees, and expenses of marshals, United States courts, 1921," the statutory compensation of Joseph E. La Chance for services as United States marshal for the district of New Hampshire from January 1, 1921, to March 7, 1921.

Mr. KENNARD. That arises in this way: Marshal O'Neil died on September 23, 1920, and the court appointed William Murchie; after

Mr. Murchie had served for some time the President appointed, during the recess of the Senate and in accordance with law, Mr. La Chance, such appointment being dated December 1, 1920. If Mr. La Chance had assumed his duties at once under the appointment that he received from the President, no question could have arisen concerning the payment of his salary; but he postponed the assumption of duties until after the Senate convened, and the comptroller now holds that under such circumstances he can not be paid without authority from Congress, the technical holding being that as he did not assume his duties until after the Senate convened, then a vacancy did exist while the Senate was in session, notwithstanding the appointment by the court, which does not operate to fill the vacancy.

The CHAIRMAN. If he did not assume his duties until March 7, 1921—

Mr. KENNARD (interposing). No; on January 1.

The CHAIRMAN. I thought you said he did not assume his duties until March 7, 1921.

Mr. KENNARD. No. In order to get his salary he must have assumed his duties before the Senate convened, whereas he waited until January 1.

The CHAIRMAN. This is only to authorize the payment of his salary for the period after he assumed his duties and for which he has received no compensation.

Mr. KENNARD. Yes. He actually rendered the services during the period for which we desire to have payment made.

#### FOR CREDIT IN ACCOUNT OF O. T. WOOD.

The CHAIRMAN. Then you are asking that the accounting officers of the Treasury be authorized and directed to allow in the accounts of O. T. Wood, as United States marshal for the district of Kansas for the quarter ended December 31, 1919, charges aggregating \$30.05, covering the excess over \$5 per day on account of actual expenses of subsistence paid to J. C. Shearman, who served the Government as an expert in handwriting.

Mr. KENNARD. We employed Mr. Shearman as a handwriting expert on a contract basis, part of the contract being that he was to receive his actual expenses. After he was employed and the payment authorized had been made, the auditor took exception to it on the ground that he was an employee of the Government and therefore subject to the limitation of \$5 per day on account of expenses of subsistence, whereas we understood that he did not come within the scope of the definition of an employee of the Government. The matter went on up to the comptroller who, after much consideration and reconsideration, finally held that experts engaged under contract were employees of the Government within the meaning of the act limiting their expenses to \$5 a day, and we are therefore governed by that decision for the future; but in the meantime, we want to relieve the disbursing officer who acted under our authority and in good faith.

The CHAIRMAN. The payment has been made and the disbursing officer is out the money.

Mr. KENNARD. Yes, sir.



## FOR PURCHASE, REBINDING OF LAW BOOKS, ETC., FOR JUDICIAL OFFICERS.

The CHAIRMAN. The next item is "books for judicial officers," and you have an estimate for two deficiencies, one for 1918 of \$10 and one for 1920 of \$188.35. Are these ascertained and actual deficiencies?

Mr. KENNARD. Yes, sir; they are; and since we made the report for 1920 we have received \$70 additional, which we would like to have included.

The CHAIRMAN. For what year?

Mr. KENNARD. 1920. Seventy dollars in addition to what we estimated will take care of everything up to date exactly.

## SUPPORT OF CONVICTS TRANSFERRED FROM THE DISTRICT OF COLUMBIA.

The CHAIRMAN. You are asking for \$40,000 for support of convicts transferred from the District of Columbia. You have an appropriation this year of \$150,000. What is the state of your balances?

Mr. KENNARD. We had \$150,000 and our balance is \$54,210. Settlements have been made covering the expenses of approximately one-half the year. We have about \$91,000 more to pay. This appropriation is used to pay for the support of district convicts in Atlanta and Leavenworth and a few in the Maryland State Penitentiary, and also for the expense of their transportation from the District to the various places of confinement.

The CHAIRMAN. Last year you had \$120,000 all told for this purpose. This year you have already had \$150,000 and you are asking for \$40,000 more. Why do you estimate such an increase over last year?

Mr. KENNARD. The office of the Superintendent of Prisons has the actual data, but my impression and understanding is that a larger number of convicts have been transferred to Leavenworth and Atlanta from the District of Columbia.

## COST PER DIEM FOR MAINTENANCE OF PRISONERS.

The CHAIRMAN. Do you know whether or not it is costing more to support them per man per day this year than it did last year?

Mr. KENNARD. I have not the data on that subject. I know they are subsisted at the exact cost.

The CHAIRMAN. I wish you would put in the record a statement with regard to the first three quarters of this year and compare it with last year both as to the number in each of the Federal prisons where you have sent convicts from the District, and also a comparison of costs per day per man with last year, if you can do that.

Mr. KENNARD. All right, sir.

(The statement above referred to follows:)

*Statement showing per capita per diem rates paid for maintenance of District of Columbia prisoners in Federal and State institutions, from September, 1919, to December, 1920.*

Institution.	Time.	Number of prisoners.	Per capita, per diem.
United States Penitentiary, Leavenworth, Kans. ....	Sept. 30, 1919	144	\$0.8692
	Dec. 31, 1919	128	1.1618
	Mar. 31, 1920	106	1.54
	June 30, 1920	93	.79835
	Sept. 30, 1920	77	1.3084
United States Penitentiary, Atlanta, Ga. ....	Dec. 31, 1920	75	1.0541
	Sept. 30, 1919	212	.8971
	Dec. 31, 1919	279	.9483
	Mar. 31, 1920	324	1.0521
	June 30, 1920	358	.8378
Missouri State Penitentiary, Jefferson City, Mo. ....	Sept. 30, 1920	360	1.1083
	Dec. 31, 1920	350	1.032
	Sept. 30, 1919	2	.50
	Dec. 31, 1919	2	.50
	Mar. 31, 1920	2	.50
Maryland Penitentiary, Baltimore, Md. ....	June 30, 1920	2	.45
	Sept. 30, 1920	2	.50
	Dec. 31, 1920	1	.50
	Sept. 30, 1919	48	1.40-.60
	Dec. 31, 1919	53	.40-.60
West Virginia Penitentiary, Moundsville, W. Va. ....	Mar. 31, 1920	57	.40-.60
	June 30, 1920	59	.40-.60
	Sept. 30, 1920	49	.40-.60
	Dec. 31, 1920	41	.40-.60
	Sept. 30, 1919	5	.40
Women's Reformatory, Rockwell City, Iowa. ....	Dec. 31, 1919	5	.40
	Mar. 31, 1920	3	.40
	June 30, 1920	2	.40
	Sept. 30, 1920	2	.40
	Dec. 31, 1920	5	.40
Iowa State Reformatory, Anamosa, Iowa. ....	Mar. 31, 1920	2	.80
	June 30, 1920	1	.80
	Sept. 30, 1920	1	.80
Colorado State Penitentiary, Canon City, Colo. ....	Dec. 31, 1920	1	.80
	Dec. 31, 1919	2	.80
	Sept. 30, 1919	1	1.00-1.50
	Dec. 31, 1919	1	1.00-1.50
	Mar. 31, 1920	1	1.50

<sup>1</sup> When inmate works, 40 cents; when inmate does not work, 60 cents.

The CHAIRMAN. Are you going to need all of this \$40,000, according to your statement there?

Mr. KENNARD. Yes, sir; if I had to change it, I would make it \$41,000 or \$42,000, rather than any less. I have calculated it carefully. Whatever it costs the United States per man in Atlanta and Leavenworth is the amount which we charge the District of Columbia under this appropriation.

#### SUPREME COURT, DISTRICT OF COLUMBIA—FEES OF WITNESSES.

The CHAIRMAN. For fees of witnesses, Supreme Court, as provided by section 850 of the Revised Statutes, you are asking \$3,500.

Mr. KENNARD. We have a balance of only \$96 in this appropriation and we have about two months to run. The great increase this year has, of course, been due to the two trials of the Arnstein case which cost for witnesses alone about \$3,900 and \$3,800, respectively.

The CHAIRMAN. Have you tried that case again?

Mr. KENNARD. It is on trial now for the second time.

The CHAIRMAN. What is the Arnstein case?

Mr. KENNARD. I am not familiar with the precise issues, but it is a bond embezzlement case.

Mr. BUCHANAN. A bond conspiracy between certain Washington and New York parties.

The CHAIRMAN. Is that the reason why you are asking a further deficiency here?

Mr. KENNARD. Yes, sir; not to pay the Arnstein witnesses, but because said witnesses have been paid and we have no funds left for current business. We have only \$96 and we will have to stop court unless we obtain more money. It will require at least \$3,500 to continue the regular business of the court to June 30. The judges here refuse to proceed unless there is money to pay the witnesses. When the money for witnesses is exhausted they simply adjourn court.

#### PAY OF BAILIFFS.

The CHAIRMAN. For pay of bailiffs, you are asking \$1,500.

Mr. KENNARD. We are asking for that money largely on account of the trial of the Arnstein case also. The jury has been held, I think, about two weeks now, and will probably be held for another week. It is costing us \$3 a day for 14 men for about three weeks, and I am informed by the marshal's office that there are other murder trials coming on this month or next month that will necessitate held juries.

The CHAIRMAN. This case is now being tried in the courts?

Mr. KENNARD. Yes, sir.

Mr. BUCHANAN. The jury is in the custody of the officers now?

Mr. KENNARD. Yes, sir; and have been for two weeks.

The CHAIRMAN. How about your balances in this appropriation?

Mr. KENNARD. We have a balance as of May 1, of \$5,495 against which we have the regular pay roll of \$5,500, and we are estimating about \$1,500 for caring for this jury and for other juries.

The CHAIRMAN. You estimate then that this whole amount practically will be required for this case?

Mr. KENNARD. Not necessarily for this case but for this and other juries which will probably be held this year.

#### MISCELLANEOUS EXPENSES.

The CHAIRMAN. For miscellaneous expenses, you are asking \$5,000.

Mr. KENNARD. This deficiency is also largely caused by the same famous case. We have had four prisoners and four guards brought in twice on writs of habeas corpus to testify. They are stopping here at the Arlington, and costing us about \$26 a day. It will cost us in all for both trials, three or four thousand dollars simply to care for these prisoners and guards. The prisoners are here to be used as witnesses. The difference between \$4,000 and the total deficiency is more than covered by the increase in the charge made by the Interior Department for heat furnished the courthouse. They are charging this year 65 cents per thousand pounds of condensed water, whereas last year we paid only 35.7 cents. The Interior Department justifies their charge on the ground that they had to pay at a very much greater rate for coal.

The CHAIRMAN. What is the balance in this appropriation?

Mr. KENNARD. The balance in cash is \$1,079.04, but we keep a liability record, just as we do under the similar appropriation for the

courts generally, and under this liability record the overincumbrance on May 1 was \$3,090, to which we add the shortage in our allotment for heat, which is \$2,400, making an overincumbrance of \$5,400. We have not asked for the \$400, thinking we would be able to reduce the estimates in some cases.

Mr. BYRNS. You say the Interior Department is charging you now more than 100 per cent more than it did last year for year?

Mr. KENNARD. Seventy-five or 80 per cent more than they did last year per unit.

Mr. BYRNS. And they justify that on account of the increase in the cost of coal?

Mr. KENNARD. That is their statement. Of course, we questioned the charge and we were informed that the cost of fuel necessitated it.

Mr. BYRNS. Do they insist that that is the actual cost to them?

Mr. KENNARD. That is the understanding.

Mr. BYRNS. They do not claim to be making any profit?

Mr. KENNARD. No; that is not the intention.

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WEDNESDAY, MAY 4, 1921.

## POST OFFICE DEPARTMENT.

**STATEMENTS OF MR. J. C. KOONS, SPECIAL ASSISTANT POSTMASTER GENERAL; MR. H. H. BILLANY, FOURTH ASSISTANT POSTMASTER GENERAL; MR. L. M. DOW, CHIEF CLERK; MR. J. K. PICKETT, SUPERINTENDENT DIVISION OF SUPPLIES; MR. T. J. HOWELL, ASSISTANT CHIEF CLERK; AND MR. ROBERT S. REGAR, APPOINTMENT CLERK.**

### CONTINGENT EXPENSES.

The CHAIRMAN. For contingent expenses, Post Office Department, you are asking a deficiency of \$10,000. You have an appropriation for this year of \$60,000. What is the state of your balances?

Mr. HOWELL. We have expended to date \$54,782.04.

The CHAIRMAN. Have you any outstanding liabilities?

Mr. HOWELL. Yes; we have some fixed charges against that appropriation that will exhaust the balance. I will make a general statement, Mr. Chairman, and then answer any questions you may wish to ask.

This appropriation is used to maintain the department's heating, lighting, and power plants (the 12 boilers and other power-plant machinery in the main Post Office Department building being 20 years old); to maintain 20 elevators located in the three departmental buildings; for the purchase of fuel for the main building and mail-equipment shop building, and for the purchase of electrical supplies, including lamps, for the three departmental buildings.

This deficiency is necessary on account of the increased cost of coal. The average price paid for coal during the fiscal year 1920 was \$6.89 per ton, whereas the average price of coal for the present fiscal year per ton amounts to \$9.25. This deficiency is due solely to the increase in the cost of coal. We divide the expenditures under this

appropriation under five heads, and we are well within the amounts expended last year on all items except that for fuel.

The CHAIRMAN. Will you need the entire \$10,000?

Mr. HOWELL. Yes, Mr. Good; we will need the entire amount.

The CHAIRMAN. You did not burn as much coal this year as you did last year, did you?

Mr. HOWELL. Slightly less. Up to the end of March we spent \$42,000 for coal, whereas for the entire fiscal year last year we only spent \$43,000.

The CHAIRMAN. Is this coal for heating both buildings?

Mr. HOWELL. This is coal for heating the main Post Office Building and the mail-equipment shops building. In the main Post Office Department building we produce our own heat, light, and power.

The CHAIRMAN. That is the building down on Pennsylvania Avenue?

Mr. HOWELL. Yes, sir.

The CHAIRMAN. How do you heat the building over near the Union Station?

Mr. HOWELL. We purchase that from the Government Printing Office.

The CHAIRMAN. That is what I thought. Was there any increase in that?

Mr. HOWELL. Yes, sir; I have a deficiency also for that item.

FOR MISCELLANEOUS ITEMS, INCLUDING PURCHASE, EXCHANGE, AND REPAIR OF TYPEWRITERS.

The CHAIRMAN. For miscellaneous items, including purchase, exchange, and repair of typewriters, etc., you are asking a deficiency of \$1,000.

Mr. HOWELL. \$500 of that is for the purchase of books and \$500 for telephone service. Congress places a restriction on the amount of money that the department can expend for books. This year Congress placed a limitation of \$1,500 and that amount has been the same for the last 12 years, although the business of the postal establishment has increased over 100 per cent during that period.

The CHAIRMAN. What kind of books are purchased out of this appropriation?

Mr. HOWELL. We purchase directories, railway guides, books of reference, and law books.

The CHAIRMAN. Do you purchase city directories in the large cities out of this appropriation?

Mr. HOWELL. No, sir; just for the use of the department here in Washington.

The CHAIRMAN. This is just for the department here?

Mr. HOWELL. Yes, sir. We have exhausted the allotment of \$1,500 and we have requisitions on hand for about \$300 worth of books that the different bureaus and offices require. The \$500 for telephone service is due to the increased cost of telephone service for the present fiscal year. The increase for branch exchange telephones amounts to 70 per cent, the increase in mileage is 14 per cent, and the increase in switchboards is 1,400 per cent. You have authorized us to spend \$13,000 for this purpose, but we need \$13,474 to get through the year.

The CHAIRMAN. What is the state of your balance in this appropriation?

Mr. HOWELL. We have \$3,198.01.

Mr. BYRNS. Could you not get along with your balance if we raised the limitation?

Mr. HOWELL. We have certain fixed liabilities. It would be going too close, I am afraid, because that appropriation is used largely for the upkeep, care, and maintenance of the building, and if something should break we would be up against it.

Mr. BUCHANAN. What has caused the increased amount required from \$32,000 in 1918 or from \$43,000 in 1919 to \$54,000 in 1921?

Mr. HOWELL. That was due largely to the increased cost of the various supplies and services which we purchased out of this appropriation.

Mr. BUCHANAN. Since 1919?

Mr. HOWELL. Yes, sir; since 1919.

Mr. BUCHANAN. The increase in prices since 1919?

Mr. HOWELL. Yes, sir.

FOR LIGHT AND HEAT, POST OFFICE, WASHINGTON, D. C.

The CHAIRMAN. The next item is:

For reimbursement of the Government Printing Office for the cost of furnishing steam for heating and electric current for lighting and power to the Post Office Department Building on Massachusetts Avenue and North Capitol Street, District of Columbia, \$17,000.

Mr. HOWELL. The cost of furnishing heat, light, and power to the new city post-office building for the fiscal year 1918, in accordance with the statement received from the Government Printing Office, was \$35,457.34. The cost of this service for the fiscal year 1919, according to a communication received from the Public Printer dated August 1, 1919, was \$45,840.89. The cost of this service for the fiscal year 1920 was \$47,337.73. The fiscal year 1920 was the first year this appropriation was made to the Post Office Department. Previous to this time the Public Printer used to pay for it.

In this connection I will state that this deficiency is necessary on account of the increased cost of furnishing light and power to the new city post-office building due to increased cost of fuel and increased consumption, and due to the further fact that it has been necessary to furnish heat and light to the new post-office garage which was erected on the lot in the rear of the new city post office building in accordance with the appropriation made by Congress amounting to \$60,000, and which eliminated an annual rental expense of \$9,187.46. This garage houses all the automobiles used by the Washington City post office in the city of Washington and was occupied on November 1, 1919.

The electric current furnished the new city post-office building by the Government Printing Office is measured by an electric meter and the steam supplied this building is measured by a steam floating meter. The Government Printing Office figures out the amount it costs them to produce a kilowatt hour of electricity and a thousand pounds of steam in their power plant and they charge the Post Office Department with this cost price.

This is due to increased consumption and increased cost.

The CHAIRMAN. Why are you consuming more this year than last year?

Mr. HOWELL. Due to the fact that we have the post-office garage over there now and to the further fact that we are utilizing practically the entire subbasement as a railway terminal post office, where they have to use light 24 hours a day.

The CHAIRMAN. But you do not heat that space?

Mr. HOWELL. Yes, sir; we have to heat it and we also have to heat the garage.

The CHAIRMAN. How large is the garage?

Mr. HOWELL. I can not tell you offhand, I will be glad to insert that information in the record.

The CHAIRMAN. Is it of any considerable size?

Mr. HOWELL. Yes, sir; it is very large.

The CHAIRMAN. How many cars will it house?

Mr. HOWELL. About 85 cars. It occupies about half the lot in the rear of the city post-office building. This money is to be paid to the Public Printer.

The Washington City Post Office garage contains 26,435 square feet of floor space.

The CHAIRMAN. Where did you house the cars before?

Mr. HOWELL. In rented garages.

The CHAIRMAN. What was the total rental?

Mr. HOWELL. The total rental amounted to \$9,187.46. In this connection, I would also state that the basement of the city post office is occupied by the supply division and, of course, it is necessary to burn lights down there all the time. It is also occupied by the parcel-post section, city post office.

The CHAIRMAN. That is, the supply division of the Post Office Department?

Mr. HOWELL. Yes, sir. They occupy this space jointly with the city post office. It is necessary to burn lights in the basement and subbasement practically all the time.

#### FOR PRINTING AND BINDING.

The CHAIRMAN. For printing and binding for the Post Office Department you are asking a deficiency of \$150,000?

Mr. HOWELL. Yes, sir. Our appropriation for 1920 was \$600,000, and we expended \$515,869.16, leaving an unexpended balance of \$84,130.84.

While the unexpended balance for the fiscal year 1920 was \$84,130.84, the amount of unbilled work on requisitions in the Government Printing Office from the Post Office Department amounted to \$134,909.69; in other words, if the Government Printing Office had completed all the work it had on hand on requisitions we would have had a deficiency of \$50,778.85 instead of an unexpended balance.

Allotment for the present fiscal year (1921).....	\$700,000.00
Credit by transfer of funds.....	82.20

Total.....	700,082.20
Bills to date (Apr. 27).....	\$559,392.43
Estimated cost unfinished work.....	176,072.57
	<hr/> 735,465.00

Deficiency.....	35,382.80
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An analysis of the foregoing figures will disclose the fact that the department has been sending work to the Government Printing Office at a monthly rate of \$73,546.50, or a yearly rate of \$882,558.

After careful figuring this office feels that the department can get along with a deficiency appropriation of \$150,000. This deficiency is due to several causes: First, on account of the provisions of section 11 of the Public Act No. 314, approved March 1, 1919, which requires certain printing and binding heretofore done in the field offices to be done at the Government Printing Office; second, on account of the increase in the cost of printing and binding over last year; and, third, on account of the large carry-over charge.

The CHAIRMAN. How much of this deficiency is due, in your opinion or in the opinion of the Department, to the fact that you are compelled to have all of your printing and binding done at the Government Printing Office?

Mr. HOWELL. I would say the whole of it, Mr. Chairman. Before that law was passed the department's appropriation amounted to approximately \$400,000. We secured estimates as to the amount of this new work that would be sent to the Government Printing Office and the Public Printer figured that it would cost about \$283,000, and figuring the increased cost of paper and printing that would probably be \$350,000 or \$400,000.

Mr. BYRNS. You say, "The whole of it." Do you mean that it is costing the Government \$150,000 more by reason of this law?

Mr. HOWELL. Not more. We are simply throwing more work on this appropriation. It is not costing the Government more as a whole, probably, although as I told you some time ago we were able to do our printing in the field printing offices a little cheaper.

The CHAIRMAN. I do not quite understand that. I understood you to say a minute ago that if it had not been for the fact that you were compelled to have all of your printing done at the Government Printing Office you would not need this \$150,000?

Mr. HOWELL. That is the fact, but, this new law, Mr. Chairman, threw about \$300,000 of printing on this appropriation that heretofore had been paid for out of different appropriations.

Mr. BYRNS. That is, it was scattered through other appropriations?

Mr. HOWELL. Yes, sir; it was scattered through different appropriations. The First Assistant furnished the labor to do the work, and the Fourth Assistant furnished the paper, etc. Now, it is concentrated and paid for out of this appropriation.

The CHAIRMAN. What I am trying to get at, looking at the Government as a distinct institution, how much more is it costing you now?

Mr. HOWELL. I should say that it is not costing the Government any more, as a whole, that is any considerable amount more.

The CHAIRMAN. I thought that you had always said that it cost more?

Mr. HOWELL. I have always held, in fact, I think I proved it to you, gentlemen, that we can do our printing cheaper in our field printing offices than at the Government Printing Office.

The CHAIRMAN. You think it is costing the Government more?

Mr. HOWELL. Yes, sir.

The CHAIRMAN. How much?

Mr. HOWELL. I do not know the exact amount. It would take some time and a considerable amount of work to figure it out.



Mr. BYRNS. There would be an additional saving in transportation if the work was done in the field?

Mr. HOWELL. Yes, sir. All the work has to come to Washington and be sent out from Washington.

The CHAIRMAN. How much of a balance have you?

Mr. HOWELL. On printing and binding?

The CHAIRMAN. Yes, sir.

Mr. HOWELL. The bills to date amount to \$559,392.43, that is, the bills received to date from the Public Printer, and the estimated cost of the unfinished work amounts to \$176,072.67, making a total of \$735,465. Our allotment amounts to \$700,000.

The CHAIRMAN. You would need about \$35,000?

Mr. HOWELL. That is up to April 30. If we did not have any more work during the balance of the year we would only need \$35,000, but we have several months to run. We have been sending our work over to the Government Printing Office at the rate of \$73,546.50, a month. So we figure that \$150,000 will be the least sum that we can get along with.

The CHAIRMAN. How does it come that you got along in 1916 and 1917 with \$290,000, whereas now you need \$850,000?

Mr. HOWELL. That is on account of the new law which threw additional work on this appropriation. Before we were able to have this work printed at the field printing offices. Now it has to come to Washington and be printed.

The CHAIRMAN. And that was paid out of the appropriation in the Post Office appropriation bill?

Mr. HOWELL. Yes, sir. You just transferred the expenses from the other appropriations into this appropriation.

The CHAIRMAN. In 1920 you did the work with \$600,000, and this year it will take \$850,000?

Mr. HOWELL. That is due to the increased cost of printing and paper. It is also due to the fact that last year was the first year under this new law, and some of the postmasters had a stock of printed matter on hand. This stock has become exhausted, and they are now sending in requisitions to replenish their stock. Cases of this kind would be classed as additional work. At the present time all the printing we are doing at the field printing offices is just emergency work.

Mr. BYRNS. Under the old policy of doing a part of the printing in the field, what percentage, would you say, of the printing was done in the field?

Mr. HOWELL. I should say about 40 per cent.

Mr. BYRNS. Under the old policy?

Mr. HOWELL. Yes, sir.

Mr. BYRNS. You are now sending it all to the Government Printing Office?

Mr. HOWELL. Yes, sir.

Mr. BYRNS. You said that you could get it done cheaper in the field than here.

Mr. HOWELL. That was several years ago. Of course, I do not know at the present time, but I know that some time ago, when I was up before the committee, I advised you that we had secured figures from one of our field printing offices and compared them with the estimates from the Government Printing Office, and an

analysis of the two sets of figures disclosed the fact that we were able to do the work cheaper at our printing office.

Mr. BYRNS. I recall something of that. Do you remember what the percentage was?

Mr. HOWELL. No; I do not recall the percentage, Congressman.

Mr. BYRNS. Of the 40 per cent of printing done by the Post Office Department, the paper is sent here to the Government Printing Office, and then the supplies are shipped out to the various offices where you need them?

Mr. HOWELL. Yes, sir.

Mr. BYRNS. And the cost of transportation is quite an item, I take it.

Mr. HOWELL. It is an item. Of course, it would be very difficult to find out just how much it amounted to.

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### POSTAL SERVICE.

#### OFFICE OF THE FIRST ASSISTANT POSTMASTER GENERAL—VEHICLE ALLOWANCE.

The CHAIRMAN. Mr. Koons, you are asking \$1,550,000 "For street vehicle allowance, the hiring of drivers, the rental of vehicles, and the purchase and exchange and maintenance, including stable and garage facilities, of wagons or automobiles for, and the operation of, screen-wagon and city-delivery and collection services"?

Mr. KOONS. Yes, sir.

The CHAIRMAN. You have an appropriation of \$14,250,000?

Mr. KOONS. Yes, sir.

The CHAIRMAN. What is the state of your finances at the present time?

Mr. KOONS. I can not give you the exact figures, but the following is submitted as an estimate of the deficiency appropriation that will be required to supplement the appropriation for vehicles service, 1921:

Total expenditures to the close of the month of March, as shown by reports submitted by postmasters, including actual expenditures at the Elkridge plant, \$7,670,380.63; cost of orders issued to March 31, 1921, other than body orders, \$761,722.42; cost of freight shipments charged to this bureau by the Fourth Assistant—he pays the freight and then charges it against our appropriation—\$47,675.46; and traveling expenses of special agents to March 31, \$2,728.95; or a total of \$8,482,512.46. The estimated expenditures for the June quarter are \$3,100,000; outstanding obligations payable by postmasters, \$150,000; bodies purchased, \$259,133; cost of additional bodies required during the year, estimated, \$60,000; estimated additional freight for the remainder of the year, including shipments already made, but not billed, \$100,000; cost of buildings turned over to Postal Service at Amatol, also cost of crating and packing miscellaneous supplies, to be billed to this department by War Department, \$50,000; which makes a total of \$12,201,645.46. Then, there is the contract service—that is, service in the smaller towns that is under contract—that amounts to an annual rate of \$3,555,000, or a total of \$15,756,645.46.

There has been appropriated \$14,250,000, leaving an estimated deficiency of \$1,506,645 at the end of the year. They estimate for contingencies—that is, unforeseen things that might happen - \$43,354.54, which makes up the \$1,550,000. Of course, those contingencies are like railroad strikes, express strikes, and things of that kind that throw an unusual amount of mail into the parcel post that goes by other transportation in normal times.

Prior to July 1, 1920, the bonus and percentage increases of motor-vehicle service employees were paid from funds created by act of Congress other than this appropriation, and therefore were not charged against this one. That was the bonus allowed during the war. The amount of the bonus and percentage increase for the current fiscal year can not be definitely stated, for the reason that some of the postmasters in submitting their monthly financial reports have apparently considered both the bonus and percentage increase as part of the base pay and have included both in their statement of expenditures on account of base pay. However, it is estimated that the amount paid on account of the bonus and percentage increase will approximate \$1,000,000 during the current fiscal year.

When the reclassification bill was up last year the department asked—that is, the act approved June 5—that the positions of chauffeur and mechanic and other employees of the service be not made statutory positions, because if made permanent it would be difficult ever to reduce them. The department made a promise to the committee that if left to the department and if the places were not made statutory positions we would give them this year the same percentage increase as given to other postal employees by the Reclassification Commission, which we did. Those increases, it is estimated, amount to \$1,100,000 for this year.

Based on the cost of tires and tubes ordered during the first six months of the current fiscal year, it appears that the total expense of those items will approximate \$1,025,000, whereas last year we only spent \$175,000, because we had a large number of tubes and repair parts from the War Department.

The increases in express rates and the superior service given by the parcel post has materially increased this class of mail. In this connection it is also worthy to note that the parcel-post count at the 50 largest offices during 15 days of 1917—that is, the 50 offices where most of this money is spent—showed that the volume of parcel-post matter handled weighed 46,582,587 pounds, while a similar count at the 50 largest offices during a period of 15 days in October, 1920, showed that the aggregate weight of parcels handled was 105,898,290 pounds, or an increase of 127.33 per cent.

The estimates for the current fiscal year were submitted as required by law in October, 1919, and it was the policy to request an amount necessary for the actual requirements of the service only, but as conditions were abnormal, it was impossible to estimate with any degree of accuracy the amount actually needed, and this was so explained to the committee at the time of the hearings. That is, to the Post Office Committee. When the deficiency estimate was submitted in November, 1920, the minimum amount required to conduct the service during the year was estimated as accurately as possible, but the increase in parcel-post mails, together with the

necessary extensions of the service were more than contemplated at that time.

Furthermore, the Government-owned service has displaced carrier service, mail-messenger service, electric-car service and pneumatic-tube service, estimated to amount to \$1,412,803, the expense of which had previously been paid from other appropriations. That is now paid out of this appropriation. It is an appropriation which we can not control. The volume of mail and the volume of mail that passes through is what makes the cost of this service.

The CHAIRMAN. You spoke several times in regard to bodies purchased; what did you mean?

Mr. KOONS. Bodies for trucks which have been turned over to us. We have to buy a screen body. Many of the trucks received from the War Department had no bodies.

The CHAIRMAN. How many automobiles have you in the service?

Mr. KOONS. I have not the exact number, but I can put it in the record.

The CHAIRMAN. Can you tell us approximately?

Mr. KOONS. We have, I think, about 3,600 in use.

The CHAIRMAN. How does it come that this service has increased so rapidly from an expenditure of \$5,565,000 in 1917 to almost \$16,000,000 in 1921?

Mr. KOONS. Since that time the volume of mail has grown 127 per cent; since October, 1917, that is, the volume of parcel post and salaries have been increased, of course, materially on account of the war. In 1917 we had not yet felt the effect of the increased salaries. Gasoline cost 10 to 12 cents, and it has been as high as 30 and 31 cents, and all kinds of repair parts and material have increased.

The CHAIRMAN. Has there been any increase in the amount charged for parcel-post mail?

Mr. KOONS. You mean in the rate?

The CHAIRMAN. Yes, sir.

Mr. KOONS. No, sir; there has been no increase.

The CHAIRMAN. We must be carrying that mail at a considerable loss under the present rates fixed by the Interstate Commerce Commission?

Mr. KOONS. That is a question, Mr. Chairman, that we are going into very carefully. While some think there may not be a profit or possibly a loss, I think we are carrying it at a profit, but not as much as we made before the salaries and rates were increased. We were just discussing the transportation costs before another committee yesterday, and one of the Railway Mail Service superintendents testified that on the weight base, where they formerly loaded about 4 or 5 tons in a car, they now load 13 to 15 tons in a storage car. The volume of mail has increased in weight more than 100 per cent since the adjustment on the weight and space basis. The transportation cost has increased only 50 per cent, even with the present rate. We are no doubt carrying parcels at a low rate.

The CHAIRMAN. Do you think that you will need all of the \$1,550,000?

Mr. KOONS. That is the lowest amount we can estimate. Of course the \$43,000 may not be required; it depends on whether we have any emergency. This could be done—and I want to do everything pos-

sible to keep down the appropriation—you could appropriate \$1,500,000, and then if an emergency arises between now and June 30, we can come back to the committee and ask for the difference.

OFFICE OF THE FOURTH ASSISTANT POSTMASTER GENERAL—FOR RENTAL, PURCHASE, EXCHANGE, AND REPAIR OF CANCELING MACHINES AND MOTORS.

The CHAIRMAN. You are asking \$25,000 "For rental, purchase, exchange, and repair of canceling machines and motors," etc.?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. You have an appropriation this year of \$392,115?

Mr. PICKETT. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. PICKETT. We had about \$12,000 at the end of April, Mr. Chairman, but before you go further into the matter I might say to you that several months ago, when it became apparent that we would have a deficiency, our employees were directed to fill only urgent requisitions, and if there was anything that could be put off until the deficiency bill was passed it must be held up until that time, or until the beginning of the new fiscal year if we did not get a deficiency. We have accumulated orders amounting to \$16,415. During the past three months our expenditures from this appropriation have been running at the rate of about \$7,700 per month. As we are only filling urgent orders, we figure that the use of \$12,000 will leave us about \$3,500 less than enough to keep going until June 30 next. We have decided that we would put off filling these accumulated requisitions, since we are getting along fairly well, until the beginning of the new year. For these reasons, we have decided to ask you for only \$3,500.

The CHAIRMAN. \$3,500?

Mr. PICKETT. Yes, sir. We have a good appropriation next year and the prices, we think, will be more reasonable than we are paying now, and we believe that, all things considered, that is what we ought to do.

The CHAIRMAN. You need the \$3,500 to fill the emergency orders?

Mr. PICKETT. We will have some orders that we will be obliged to fill as fast as they are received.

The CHAIRMAN. Where are the machines used?

Mr. PICKETT. They are used in the post offices—the larger post offices.

The CHAIRMAN. Throughout the country?

Mr. PICKETT. Only the large offices. They consist of cancelling machines, pick-up tables, conveyors, belting, and so forth.

The CHAIRMAN. Do you manufacture any of them?

Mr. PICKETT. We have manufactured a few pick-up tables, but nothing else purchased out of this appropriation.

The CHAIRMAN. You have never manufactured a cancelling machine?

Mr. PICKETT. No, sir.

The CHAIRMAN. They are manufactured for you?

Mr. PICKETT. Yes, sir; they are all manufactured by contractors.

## AUDITED SETTLEMENTS—FOR FEES OF SPECIAL DELIVERY MESSENGERS.

The CHAIRMAN. "For fees to special delivery messengers," you have an item for 1919 of \$14.16?

Mr. HOWELL. Yes, sir. The act of Congress approved August 4, 1896, as amended, directs that postmasters shall be entitled, upon the adjustment of their quarterly accounts, to fees on special delivery letters and parcels delivered at their respective post office at the rate of 8 cents for every delivery. This is simply an accounting proposition, because the postmasters have already paid these amounts out, and it is simply to straighten out their accounts in the auditor's office.

The CHAIRMAN. And the same thing is true for 1920, \$3,108.18?

Mr. HOWELL. Yes, sir. Congress has to specifically appropriate the amounts that we can spend. This is simply a bookkeeping proposition.

## ADDITIONAL EMPLOYEES FOR KEEPING OF WAR SAVINGS ACCOUNTS AND THRIFT STAMPS.

Mr. REGAR. Mr. Chairman, under date of May 3, 1921, the Postmaster General wrote you a letter inclosing a copy of a letter addressed to the Secretary of the Treasury submitting for transmission to Congress a supplemental item to the legislative, executive, and judicial appropriation act.

(The letter to the Secretary of the Treasury is as follows:)

APRIL 28, 1921.

HON. ANDREW W. MELLON,  
*Secretary of the Treasury, Washington, D. C.*

MY DEAR MR. SECRETARY: There are submitted herewith for transmission to Congress supplemental items of legislative appropriation for the fiscal year 1922, as follows:

## Office of the Postmaster General:

1 clerk, in charge.....	\$2,500
1 assistant clerk, in charge.....	2,000
2 clerks of class 4.....	3,600
2 clerks of class 3.....	3,200
2 clerks of class 2.....	2,800
15 clerks of class 1.....	18,000
4 clerks, at \$1,000 each.....	4,000
1 expert mechanic.....	1,600
1 messenger, in charge of mails.....	1,000
2 laborers, at \$840 each.....	1,680
2 assistant messengers, at \$720 each.....	1,440

33 Total..... 41,820

The above items are necessary for the next fiscal year in connection with the distribution, sale, and keeping of accounts of war-savings certificates and thrift stamps, including Treasury savings certificates and stamps. The act approved September 24, 1917, which originally authorized the issuance of these certificates, provided an appropriation for the expenses in connection therewith by appropriating not more than one-fifth of 1 per cent of the amount of certificates authorized. The same act also contained the following provision:

"The Postmaster General, under such regulations as he may prescribe, shall require, at the request of the Secretary of the Treasury, the employees of the Post Office Department and of the Postal Service to perform such services as may be necessary, desirable, or practicable without extra compensation."

On January 1, 1918, the work of the distribution, sale, and keeping of accounts of war-savings certificates and thrift stamps was commenced by the department and the

Postal Service. Owing to the great amount of additional work imposed upon the department, which handles above 80 per cent of the total sales, it was found necessary to augment the force of the division handling this work. This was accomplished by a provision in the deficiency appropriation act approved November 4, 1918, whereby the Secretary of the Treasury was authorized to make advances of funds to the Post Office Department for clerical services, printing and office equipment. From January 1, 1918, therefore, such expenses have been borne by the Treasury Department.

The legislative, executive, and judicial appropriation act for the present fiscal year contains the following provision:

"The appropriations 'Expenses of loans, act of April 24, 1917,' and 'Expenses of loans, act of September 24, 1917, as amended' shall not be available for obligation after June 30, 1921, and the unexpended balances of such appropriations which remain upon the books of the Treasury Department on June 30, 1922, shall be covered into the Treasury and carried to the surplus fund: *Provided*, That for the fiscal year 1922 and annually thereafter estimates of appropriations shall be submitted to Congress in the manner prescribed by law for expenses arising in connection with the loans authorized by the various Liberty bond acts and the Victory liberty loan act."

This provision repeals the appropriations made by the act of September 24, 1917, above referred to, and therefore beginning July 1, 1921, the Post Office Department will be without funds to defray these expenses. As war-saving certificates and thrift stamps, including Treasury savings certificates and stamps, will be issued after that date, the Post Office Department will be unable to perform the necessary service in connection therewith unless the supplemental appropriation for additional clerical assistance herein requested is granted by Congress.

Very truly, yours,

WILL. H. HAYS,  
*Postmaster General.*

Mr. REGAR. This item covers 33 employees, ranging in salary from \$720 per annum up to \$2,500 per annum, and those employees are necessary for the next fiscal year in connection with the sale, distribution, and keeping of accounts of war-savings certificates and thrift stamps, including Treasury savings certificates and stamps. The Post Office Department started its work in connection with those certificates and stamps in December, 1917, and since November 4, 1918, the expenses have been borne by the Treasury Department, but after June 30, 1921, the Treasury Department will not have any fund available for allotment to the Post Office Department for the continuation of the sale, distribution, and keeping of accounts in connection with these stamps and certificates. As these stamps and certificates will be issued after June 30, 1921, the Post Office Department will be unable to perform any service in connection with this work unless this appropriation is granted. I want to call your attention to a provision contained in the legislative, executive, and judicial appropriation act for the present fiscal year, as follows:

The appropriations "Expenses of loans, act of April 24, 1917," and "Expenses of loans, act of September 24, 1917, as amended," shall not be available for obligation after June 30, 1921.

I may say in that connection that the Post Office Department sells between 80 and 88 per cent of those stamps and certificates, and if the Government expects the sale of those certificates and stamps to keep on, the department, of course, must have the funds.

Mr. BYRNS. You have employees who are paid out of those lump sums to which you have referred?

Mr. REGAR. Yes, sir.

Mr. BYRNS. How many employees have you paid from those appropriations?

Mr. REGAR. We have at the present time about 35 permanent employees engaged on this work.

Mr. BYRNS. And paid from those funds?

Mr. REGAR. Yes, sir; paid out of a fund allotted by the Treasury Department to the Post Office Department for taking care of this work. In addition to that, we have about 20 temporary employees who are engaged in the counting of redeemed stamps and in catching up on the accounting work, and guards to guard the stamps.

Mr. BYRNS. All of that comes out of the Treasury Department's funds?

Mr. REGAR. Yes, sir.

Mr. BYRNS. And you are now asking for 33 employees to take the place of the present force in order to carry the work on?

Mr. REGAR. Yes, sir.

Mr. BYRNS. At the same salaries?

Mr. REGAR. At the same salaries. The highest salary paid any employee on this work is \$2,500, and the highest salary we ask is \$2,500. The only difference is in one clerk here whom we shall call assistant clerk in charge at \$2,000. He is now getting \$1,800. To give you some idea of the work that the Post Office Department does in this connection, I will say that we sell between 80 and 88 per cent of these stamps and certificates. The number of war savings stamps issued to postmasters during the calendar year 1920 was 17,879,875; the number of thrift stamps issued to postmasters during the calendar year 1920 was 11,367,200; and the number of \$100 Treasury saving certificates issued to postmasters during the calendar year 1920 was 232,135.

Mr. BYRNS. You do not anticipate any such sales next year, do you?

Mr. REGAR. I have a statement of the issues of the 1921 series. There have been issued to postmasters 95,960 \$100 Treasury savings certificates of the 1921 series, 84,940 of the \$25 Treasury savings certificates of the 1921 series, 3,890,940 of the \$5 war savings stamps of the 1921 series, 983,050 of the \$1 Treasury savings stamps of the 1921 series, and 86,752,529 of the 25-cent thrift stamps. The 1921 securities issued to postmasters since January 1, 1921, have a maturity value of \$53,845,382.25.

The CHAIRMAN. Issued since when?

Mr. REGAR. Since January 1, 1921. All of those certificates are issued in series. The 1920 series of stamps and certificates remaining unsold up to December 31, 1920, are being returned to the Post Office Department, and they are accounted for. The Post Office Department furnishes half of the employees engaged on that accounting work and the Treasury Department employs half of the employees, so that one has a check on the other. Then they are destroyed.

Mr. BUCHANAN. And new ones issued?

Mr. REGAR. Yes, sir. They are issued in series, and each series has a year, as the series of 1920 and the series of 1921, and they mature in five years.

Mr. BUCHANAN. The certificates do not mature in a year?

Mr. REGAR. In five years. All of them mature in five years except the thrift stamps, and a sufficient number of them will make a war savings stamp. Those war savings stamps sell for \$4.82.

The CHAIRMAN. If there have been issued during this year, or since January 1, stamps and securities of all kinds having a maturity value



of over \$53,000,000, then we are issuing them on the basis of about \$100,000,000 a year, or more.

Mr. REGAR. It is something like that. There were about \$120,000,000 worth issued in 1920.

The CHAIRMAN. Last year?

Mr. REGAR. Yes, sir. But since that time, I want to call your attention to the \$1 Treasury saving stamp and the \$25 Treasury saving certificate that the department did not handle during 1920, because it was not issued. The first issue of them was in 1921.

The CHAIRMAN. Was this matter presented to the subcommittee on the legislative, executive, and judicial appropriation bill?

Mr. REGAR. No, sir; we expected the Treasury Department to continue the allotment.

Mr. BYRNS. You did not anticipate the repeal of those provisions?

Mr. REGAR. No, sir, naturally not. The Treasury Department in pursuance of the act of November 4, 1918, has allotted to the Post Office Department, as the needs required, sufficient funds to carry on this work. If you do not provide the funds, the sales must stop. That, of course, is clear to the committee.

The CHAIRMAN. You are asking for that entire force of 33 persons for next year a total of \$41,820?

Mr. REGAR. Yes, sir.

The CHAIRMAN. And those persons are now employed and paid out of a lump-sum appropriation of the Treasury Department?

Mr. REGAR. Yes, sir. Altogether, we have about 55 employees, but we figure that by catching up with those accounts by June 30, we can probably get along with 33 employees. That is the least number that we can get along with. We pared the thing right down to the core, and I am afraid if we do not get these 33 employees we will be up against it. These employees are, of course, at the basic salaries. It may be interesting to know the character of work that the department does in this connection. We have to review all the applications for payment of these war savings certificates belonging to deceased owners and must transmit them to the Secretary of the Treasury with our recommendation.

We have a regular legal section. We have to review the applications from parents for payment of certificates belonging to infants, and have to instruct postmasters in regard to the settlement; we have to review claims for duplication, or the payment of lost or destroyed registered savings certificates, adjust them to conform to the regulations, and forward to the postmasters the checks or duplicate certificates issued by the Treasury Department in settlement. In addition, we adjust a large number of other cases involving irregularities, including holdings in excess of the lawful limit, attempted transfer or ownership by erasure or otherwise, and certificates and stamps recovered from traffickers. With this force during the year 1920 we adjusted about 30,000 cases, and we wrote during the year in connection with these matters about 125,000 letters.

During the year 1920 the War Savings Stamps Division audited 40,000 accounts. At the close of the year 1920, 5,000 shipments of unsold war savings stamps and Treasury savings certificates in the hands of postmasters were received for redemption; 10,881,218 unsold war savings stamps of the 1920 series were redeemed, and

125,863 unsold \$100 Treasury savings certificates were also redeemed. This division also makes an administrative audit of monthly accounts of postmasters, involving the preparation and mailing of thousands of statements annually of differences to postmasters and makes final adjustment of approximately 1,500 claims annually for fire and burglary losses. From that you can easily see that we absolutely need these employees to do the work.

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WEDNESDAY, MAY 4, 1921.

NAVY DEPARTMENT.

BUREAU OF NAVIGATION.

STATEMENT OF REAR ADMIRAL THOMAS WASHINGTON,  
CHIEF, BUREAU OF NAVIGATION, ACCOMPANIED BY MR.  
EDWARD HENKEL, CHIEF CLERK.

FOR INCREASE IN NUMBER OF TEMPORARY EMPLOYEES.

The CHAIRMAN. Admiral, in House Document No. 12, you are asking \$100,000 for salaries of employees in the Bureau of Navigation, for the fiscal year 1922. This is in addition to the appropriation of \$250,000 that is carried in the legislative, executive, and judicial appropriation act for this purpose.

Admiral WASHINGTON. Yes, sir.

The CHAIRMAN. What is your present statutory roll?

Admiral WASHINGTON. Our "statutory" roll for the year 1921 is \$100,010. Our "additional" rolls is \$404,140. We asked Congress, and the Secretary approved the request, to give us \$480,370 on the additional roll for 1922.

The CHAIRMAN. That is an increase—

Admiral WASHINGTON (interposing). That is an increase of \$76,230. Our work does not decrease with the cessation of hostilities.

The CHAIRMAN. How much did you have in 1915 and 1916?

Admiral WASHINGTON. We had then about 54,000 men.

The CHAIRMAN. If it increased with the commencement of hostilities, should it not decrease with the cessation of hostilities?

Admiral WASHINGTON. We had during the war 2,290 clerks in the bureau. We had five times the number that we have now. In the Personnel Division of the Navy (Bureau of Navigation) the work consists mostly of records, documents, letters, etc., that is, paper work of various kinds. That work does not stop with the cessation of hostilities. At the present time we are almost daily answering calls in connection with the Civil War, and frequently they go back as far as the Mexican War, or even further.

The CHAIRMAN. In 1916 you had \$80,650.

Admiral WASHINGTON. You mean in salaries?

The CHAIRMAN. Yes.

Admiral WASHINGTON. We had an enlisted force then of about 54,000 men, and now we have just a little short of 600,000 men who se

records we are clearing up after the recent war and probably a grand total of more than a million.

The CHAIRMAN. You must have that pretty well cleaned up.

Admiral WASHINGTON. No, sir; we will not have it cleaned up probably for 50 years. We are to-day answering calls for the Civil War, and most of our calls come in from you gentlemen, or Members of Congress, and from the outside world. You want our reports to be accurate, and if we do not keep the records up for the purposes of the War Risk Insurance Bureau, the Pension Bureau, the medical people, etc., and give them inaccurate information, then we would be doing worse than if we did not give them any information at all.

The Bureau of Navigation being a personnel bureau, its work increases from year to year, irrespective as to whether the officer and enlisted personnel increases or decreases. If the work of the bureau related only to the officer and enlisted personnel in the active service, it would reach a certain level where it would remain more or less stationary or decrease, but as officers and enlisted men enter the service and pass out of the service by resignation, retirement, death, discharge, etc., a constantly increasing source is created outside and separate from the current naval personnel, from which added work must flow, decreasing only as the period of greatest activity becomes more and more remote. To illustrate, the bureau is still in receipt to-day of inquiries and claims of men or relatives of men who were in the Mexican War, a proportionately much larger number of claims of men who were in the Civil War, and the claims and correspondence with regard to the enormously increased officer and enlisted personnel which served in the Navy during the World War will continue at peak load for many years. An appreciable decrease must not be expected so soon after the cessation of hostilities. In other words, the Bureau of Navigation is not like a material bureau where the work connected with building a ship or a storehouse is finished upon its completion, but the individual, be he officer or enlisted man, brings with him and carries through his career and long after he has left the service work in connection with his individual case. It is for this reason that the clerical force of this bureau can not be reduced so soon after the cessation of war.

On yesterday, for instance, I had up the claim for pension of an officer in the Mexican War. I speak of that case because it was brought to my special attention.

The too radical reductions in this bureau's clerical force at the last session of Congress not only injured the efficiency of the bureau, but did a wrong to the officers and men of the service as the bureau could not with its limited clerical force give to their individual cases the prompt and thorough consideration which they warranted. Last year this bureau requested funds to employ approximately 808 clerks and was allowed by Congress only sufficient funds for about 422 clerks.

Now, if we should have to run along on the reduced number for which Congress has appropriated for 1922, it necessarily means that much of the work must be absolutely stopped. It can not be carried along. It would not be a question of doing three-fourths or less of it in a haphazard way, but a part of it would have to be absolutely stopped in order to carry on the rest of it efficiently.

The CHAIRMAN. What kind of work would you have to stop?

Admiral WASHINGTON. I brought up here for illustration the record of one man, or a partial record. That man's record goes on like that [indicating] throughout his enlistment of four years, and upon his reenlistment it is carried along for another period of four years and is added to so that some of these records will probably be that thick [indicating] for one man. Then, when you make an inquiry in regard to some man from your county, for instance, who served in the Navy, we must go through all of those papers and get up a correct statement before the matter is submitted to you.

#### DUTIES OF THE BUREAU OF NAVIGATION.

The CHAIRMAN. The inquiry goes into the case and the reply goes into the case?

Admiral WASHINGTON. Yes, sir. This [indicating] is the record of an officer in the Reserve Corps and this [indicating] is the record of an enlisted man. This is the record of William Cooper, a boiler maker, and this is the record of a Reserve Corps lieutenant, or rather is simply a synopsis of it. Every man who comes in on his first enlistment has his finger prints taken. Then, if he is discharged and comes in again, his finger prints are again taken in order to check them up. During the past few months the Army has sent over the names, requiring the examination of the record, of about 170,000 deserters or draft dodgers, and they asked us to check them up to see if we have or had any of them in the Navy. Naturally, work of that kind must be gone into very carefully. Our records have to be gone through as thoroughly as we can go through them, because nobody wants to brand a man as a draft dodger if he is serving honestly in the Navy or the Army. A great many of those men do or did serve in the Navy, however, and we want to detect them wherever it is possible.

Here is a statement of some of the duties imposed upon the Bureau of Navigation by law and regulations: The issue, record, and enforcement of the orders of the Secretary to individual officers of the Navy; the education and training of line officers and of enlisted men (except of the Hospital Corps) at school and stations and in vessels maintained for that purpose; the upkeep and operation of the Naval Academy; the upkeep and operation of technical schools for line officers; the upkeep and operation of apprentice seamen establishments; the upkeep and operation of schools for the technical education of enlisted men; the upkeep and operation of the Naval Home at Philadelphia, Pa.; the upkeep and payment of the operating expenses of the Naval War College; the upkeep and payment of the operating expenses of the enlistment, assignment to duty, and discharge of all enlisted personnel; under its direction is the Division of Naval Militia Affairs, and also the National Naval Volunteers, which have been merged into the Naval Reserves. This bureau also provides for the mobilization and equipment of reserves, and it has under its direction all rendezvous and receiving ships; it establishes the complements of all ships in commission; keeps the records of service of all officers and men; prepares an annual Navy Register for publication; handles all matter pertaining to applications for appointments to and commissions in the Navy; prepares such appointments and commissions for signature; prepares, revises, and enforces

all regulations governing uniforms, and has charge of the distribution of all orders and regulations of a general circular character.

The Bureau of Navigation also has charge of the identification of officers and enlisted men by the finger-print identification system; of estimates of appropriations under the cognizance of the bureau; of the viséing of requisitions for supplies and services from ships and stations; of the naming of vessels of the Navy and the selections of sponsors; of requisitions on the Government Printing Office for printing in the service, except for plants having their own outfits and allowed to do printing by the Smoot committee; of the award of medals of all kinds; of the transportation of officers and their families via Government vessels; of the transportation of civilian personnel on naval vessels; of the preparation of a monthly naval directory; of the development of education, recreation, religion, and morale through the work of the Sixth Division; of matters relating to aviation coming under the cognizance of the Bureau of Navigation; and of the examination and filing of the log of every ship of the Navy.

We have at the present time 85 clerks on our statutory roll and 337 on the temporary roll. The reduction proposed in the bill, which is from \$404,140 to \$250,000 is \$154,140 which we estimate to be a reduction of 134 clerks.

Mr. BYRNS. Have you done away with the services of yeomen or yeomenettes?

Admiral WASHINGTON. The yeomen are enlisted men in the Navy, and we do not employ them in the Navy Department.

Mr. BYRNS. There were some yeomenettes employed.

Admiral WASHINGTON. The yeomenettes were employed in the department during the war and until 1919, but Congress passed a law in July, 1919, prohibiting their employment and they were then removed from duty in the Navy Department as such.

Mr. BYRNS. These are the only clerks you have?

Admiral WASHINGTON. They are the clerks provided for by this committee.

Mr. BYRNS. They are the only clerks you have in the bureau?

Admiral WASHINGTON. Yes, sir; they are all that this committee appropriated for.

Mr. BYRNS. You have no other force on which to draw?

Admiral WASHINGTON. No, sir.

Mr. BYRNS. I was wondering what would be the effect upon the work of your bureau if you were not allowed the additional clerks.

Admiral WASHINGTON. A great deal of the work would have to be stopped absolutely. We would have to pick out that part of it which we thought most important to be carried on. We would not neglect, but would simply have to drop the rest of it. It would be impossible to carry on the work of the bureau with 288 clerks, that being the number that Congress proposes to allow us under this \$250,000.

The CHAIRMAN. In addition, you have to have your regular force under this \$100,000?

Admiral WASHINGTON. That is for 85 clerks which are included in the above total of 288.

The CHAIRMAN. Then, you have for temporary clerks \$250,000, which makes \$350,000 for clerk hire in the Bureau of Navigation, which, after all, seems like a good sum for the purpose.

Admiral WASHINGTON. It is a pretty good sum, but it is not sufficient. We have figured it out here, and it is a reduction of \$154,140 from what Congress gave us last year, amounting to the pay of 134 clerks. That would reduce our present total number of 422 by 134, leaving us 288 clerks.

The CHAIRMAN. You have now how many clerks?

Admiral WASHINGTON. Four hundred and twenty-two.

The CHAIRMAN. Out of the \$250,000, or all told?

Admiral WASHINGTON. All told.

The CHAIRMAN. With the \$250,000 you will employ how many?

Admiral WASHINGTON. Two hundred and eighty-eight.

The CHAIRMAN. That reduces it by 134.

Admiral WASHINGTON. What I ask for is that the number be increased by 85, which will give us 373. We estimate that this \$100,000 we ask for will give 85 more clerks.

Mr. BUCHANAN. Making a reduction of how many?

Admiral WASHINGTON. A reduction of 49.

Mr. BYRNS. Do you think you can keep the work current with that number?

Admiral WASHINGTON. We would make an effort to do so. As the clerks get more experienced, the better they are. One of our main difficulties is that we do not have enough clerks to do the work, and because of the low-grade pay we have a constant turnover. Our turnover is about one-third—that is to say, one-third of the clerks are coming and going all the while.

Mr. BUCHANAN. You will not have that difficulty so much when labor becomes more plentiful.

Admiral WASHINGTON. I hope not, but the relief has not yet come to us. We have something like 12 clerks short of the number we are allowed now, and we are and have been persistent in our applications to the Civil Service Commission to fill the vacancies. We can not keep filled up with the proper number allowed, and we are always short of the authorized force.

The CHAIRMAN. How many officers have you in the Bureau of Navigation?

Admiral WASHINGTON. I think about 43.

The CHAIRMAN. How many did you have before the war?

Admiral WASHINGTON. I have not that list here.

The CHAIRMAN. I wish you would put that in the record.

Admiral WASHINGTON. I will do so. We had considerably less than that number then.

NOTE.—The records of the bureau show on January 1, 1917, there were 19 officers on duty.

The CHAIRMAN. How many men are you allowed in the Navy for next year?

Admiral WASHINGTON. Our authorized complement now is a little more than 143,000. We do not know what they are providing for in the bill now before the Senate. The House passed the bill for about 100,000 enlisted men, but we have the reserves that must be considered. There are something like 260,000 to 280,000 of them. Their

work amounts to almost as much as that of the enlisted men. Every drill that these reserves take under the law must be entered upon the records. The reserve is required to take not less than 36 drills a year in order to get his retainer pay, an every time he goes to drill it must be entered upon the records.

Mr. BUCHANAN. Is that record made on the man's card in this personnel division?

Admiral WASHINGTON. Yes, sir; it is the same thing as this [indicating]. If these records are not kept accurately, in years to come there may be all sorts of difficulty for the auditor, with the War Risk people, with the Pension people, and with the man's own family and those making inquiries about him.

Mr. BUCHANAN. If kept at all, they should be kept correctly.

Admiral WASHINGTON. Yes, sir; they should be kept correctly.

The CHAIRMAN. This clerical force is estimated for on the basis of 143,000 men in the Navy.

Admiral WASHINGTON. No, sir; it is estimated upon the basis of the actual work to be done, and that work is for the records of more than 600,000 officers and men. All of our men, with the exception of some of those we enlisted or enrolled during 1919 and 1920, I believe, were enlisted for a period of four years. This war began in 1917, and the result is that the reserves that I am speaking of, being enrolled for a period of four years, their enrollments will not expire until about the present time. They are beginning to go out now rather rapidly. Most of them came along in or prior to July, 1918. Therefore, they will remain with us and on our records until about November 11, 1922. The keeping of their records involves practically as much work as the keeping of the records of the regular enlisted men, and sometimes more.

Mr. BUCHANAN. Suppose a man is in the Regular Navy and serving, how many reports or entries do you have to make on your personnel card a year?

Admiral WASHINGTON. In order to draw his retainer pay he must have not less than 36 drills each year.

Mr. BUCHANAN. I am talking about a man in the Regular Navy.

Admiral WASHINGTON. There is no such requirement in the Regular Navy. Now, every three months his record is placed on a card of this sort [indicating].

Mr. BUCHANAN. How many entries do you have to make on that card a year?

Admiral WASHINGTON. This part of it is made on his original enlistment. Every three months there is an entry made as to the name of the vessel, whether he is transferred, discharged, or anything else relative to his status during each three months' period; then the dates when this entry occurred; the rating of the man, his proficiency in his rating, proficiency in seamanship, ordnance, signaling, marksmanship, small arms, great guns, mechanical ability, knowledge of marine machinery, knowledge of electrical machinery and apparatus; his conduct as to sobriety and obedience, and whether he is recommended for honorable discharge, recommended for a good conduct medal, recommended for reenlistment, and the rating he is best qualified to fill. That is entered every three months after an examination of the man by a board of officers.

Mr. BUCHANAN. Four times a year.

Admiral WASHINGTON. Yes, sir. Then over on this page [indicating] any meritorious conduct worthy of special mention, giving the date; any offense or cause of disrating.

Mr. BUCHANAN. I just wanted to know the number of times you would have to make that entry. It covers his entire record and it is four times a year.

Admiral WASHINGTON. Four times for that page, but every time a man commits an offense and any punishment is awarded him a record is made of it, and that may happen more frequently than once every three months. But that must be entered in full here.

Mr. BUCHANAN. Would not that entry be made at the same time—every three months?

Admiral WASHINGTON. No; it is made at the time; it must be made while it is fresh in the mind of the officer concerned.

The CHAIRMAN. Then the larger the enlisted personnel of the Navy the more work it requires and the more clerical employees are required?

Admiral WASHINGTON. Oh, yes.

The CHAIRMAN. Then if you have estimated for next year on the basis of 143,000 men and Congress reduces that number—

Admiral WASHINGTON (interposing). Pardon me; I did not say I had estimated on 143,000.

The CHAIRMAN. You must have done that.

Admiral WASHINGTON. No, sir; I estimated on the amount of work that is carried on.

The CHAIRMAN. In estimating on the amount of work carried on you had to take into consideration as the first thing how many men you were going to have in the Navy.

Admiral WASHINGTON. Then I did not make myself clear to you. What we are working on now is not only the 118,000 that we have in the Navy to-day, but we are running on from 260,000 to 280,000 reserves also, and their records are very much like those of the enlisted men; they are discharged and they are reenrolled after four-year periods of service.

The CHAIRMAN. What I am trying to get at is this difference between the number of men on which you base your estimate and the number which Congress has by its action in the House fixed as the size of the Navy, and there is a difference of 43,000 men. When you estimate for this clerical force you are estimating for the amount of work which you must do and that work involves the keeping up of the records of 143,000 men regularly enlisted.

Admiral WASHINGTON. No, sir. I have failed to make myself clear. We have 260,000 to 380,000 reserves, plus about 120,000 enlisted men, plus the records of those men heretofore in the Navy, many of whom are dead and gone. You see, our work does not decrease quickly after war; it will be years before we get down to a good working basis as a result of the war we have just gone through. The Bureau of Navigation, being a personnel bureau, will have the records and the administrative work in connection with these records for many years to come.

The CHAIRMAN. According to your own statement your estimate did include the work necessary to keep up this record monthly, daily, or



three times a year, with 121,000 men in the Regular Navy, to say nothing of the reserves.

Admiral WASHINGTON. Yes, sir.

The CHAIRMAN. If 21,000 were discharged you would only have 100,000 men in the Navy, and while you would have to answer some questions from Members of Congress, and others, with regard to all who were discharged, including the 21,000, you would not need to keep up a daily record as to the 21,000, because they would not be in the service.

Admiral WASHINGTON. That daily record is kept on board ship. Evidently I did not make myself clear to you, because the clerks have nothing to do with that particular work.

Mr. BUCHANAN. They have to make that entry.

Admiral WASHINGTON. No; that is made on board ship, where the man is serving. I thought you meant just the record of the man. The clerks have no more to do with that than you or I.

Mr. BUCHANAN. Then both of us misunderstood you.

Admiral WASHINGTON. Yes; you misunderstood me altogether. That work is done by the yeomen on board ship; those records are kept on the ship, and when a man's enlistment expires that book is sent to the bureau and we take charge of it thereafter. But all of those records were made by officers or men on board the ship to which the man was attached or to the station at which he is serving and has no bearing whatever on the work in our bureau, none at all. So we might as well drop that out of consideration altogether because it has no bearing on that. Here is one of the records, if you care to look at it; it is a little more in detail than the other one.

The CHAIRMAN. You have stated, Admiral, that if this additional force is not given you it will be necessary to stop certain of the work that your bureau is doing in the way of furnishing information.

Admiral WASHINGTON. Yes, sir.

The CHAIRMAN. Just what work would you be compelled to discontinue if an additional appropriation is not granted?

Admiral WASHINGTON. I have not contemplated that as yet because I did not think Congress would refuse to increase that appropriation when the representation was made to them.

The CHAIRMAN. This committee is placed in a rather embarrassing situation. The subcommittee that was appointed to take charge of this bill held extensive hearings, and this committee only has to do with actual deficiencies. You are now asking us to sit in review upon the work of that subcommittee.

Admiral WASHINGTON. And before the appropriation becomes available.

The CHAIRMAN. Yes; that is true.

Admiral WASHINGTON. May I say a little more?

The CHAIRMAN. Certainly.

Admiral WASHINGTON. The Bureau of Navigation being a personnel bureau, the work is dependent not only upon officer and enlisted personnel in active service but also upon the ever growing number of officers and men who have been in the service. The number of officers and men expected to be in the service in 1922 will not be appreciably less than the number in the service now. The current work, therefore, in both the officers and enlisted men's division of the bureau will not be in any measure decreased during the coming

year, that is, it will only be decreased very slightly, so that we can ignore it. In the Naval Reserve division the work is increasing.

Correspondence regarding transfers, discharges, and reenrollments is continually on the increase, and even at present there are not sufficient clerks to carry on the work in this division in an efficient manner. That refers to the 260,000 or 280,000 that we have, and those men are just like enlisted men of the Navy; they go out after a four-year enrollment; they are then reenrolled and we start a new one of these little books for them; an entry has to be made as to each drill, so that it can be shown that a man has completed his 36 drills a year, in accordance with the law. In our recruiting division we have three subdivisions, transportation, recruiting, and identification. Thousands of dollars are saved monthly to the Government in the identification division by the identification and capture of repeaters and criminals. The clerks in this division are especially trained and if once lost to the division the work could not easily be restored to its present efficient standard.

The transportation division looks after the transportation of officers and enlisted men, which work will not be materially decreased from the current year and, in addition, checks all railroad bills against the Government. In the recruiting division, should it become necessary to resume even greater recruiting activities than at present, there must be an increase in the force in this division to take proper charge of the recruiting activities in the field. In the Naval Academy division the number of midshipmen allowed by Congress has been increased. This increase means additional clerical work, forbidding the reduction of the force in this division. Other activities in the bureau are affected in the same manner. Unless this \$100,000 additional is allowed the cut resulting on July 1 means the abolition of whole sections and of certain activities in other sections, all of which have a bearing on the efficiency of the fleet. It was demonstrated during the war that the efficiency of the Army in the field and the fleet on the seas was relative to the efficiency of those at home who furnished material for these armies and these fleets. To reduce the bureau's clerical force to a point where it can not properly provide for the needs of the fleet means a direct blow to the efficiency of the fleet. The bureau has at present employed on its regular roll approximately 400 clerks. Now, I can not see that our work is going to decrease during the coming year, and, speaking for my successor in years to come, I think he is going to be confronted with the same problem that I am, that this paper work will not diminish, and I do not believe we are going to be able to get along with any very great decrease in the number of clerks in that bureau.

The CHAIRMAN. You think the force you have estimated for in this deficiency, together with the force already provided, is about the minimum force that you can get along with?

Admiral WASHINGTON. I am asking now for a reduction of 43, and next year it may be an even greater number than that. What I am trying to impress upon you is that, the war being over, 5 or 10 years hence we will still be confronted with a great deal of paper work and a great deal of correspondence, necessarily. It is different with a material bureau. If a ship is built or storehouse finished the work is done; it is ended, and they have no other concern over it when the contract is completed; but with us it is quite different.

We have a tremendous amount of this work going on all the while. Every time a man is enlisted, in order to see that the Government is protected and that he is not a former deserter, and that there is no fraud connected with his enlistment, we examine these finger prints, going right back through a whole bunch of them, and there are thousands of them.

The CHAIRMAN. After the House passed the legislative bill what did you do toward having restored to the bill a force such as you felt was absolutely necessary to carry on this work?

Admiral WASHINGTON. I took it up with the Secretary very earnestly and he consented, as I recall it, to recommend that we have an increase of 80 clerks in the Bureau of Navigation, and that letter, I think, was sent to your committee, where it is on file. That was Secretary Daniels. Now, getting no results, and with the coming of the new administration, the matter was represented to Mr. Denby, the new Secretary, and he consented to ask for a \$100,000 increase. When this reduction was made by the subcommittee I do not think they considered how it was going to affect us.

The CHAIRMAN. Did you go before the Senate Committee on Appropriations?

Admiral WASHINGTON. I was not here at the time and I did not go before the committee, but the assistant chief of the bureau did go and represented the shortage to the Senate committee. The reduction of \$154,000—which was practically 40 per cent of our appropriation—was such a drastic one that I feel it incumbent upon me to represent the fact to the committee a second time. It was represented to Mr. Daniels, who asked, as I requested, for an increase of 80 clerks, \$150,000, and the present Secretary asked that an increase be given of \$100,000.

Mr. BUCHANAN. How many clerks will that take care of?

Admiral WASHINGTON. Eighty-five. The average compensation of our clerical force is about \$1,185.

The CHAIRMAN. You will not need clerks in the recruiting division next year, will you?

Admiral WASHINGTON. Why not, sir?

The CHAIRMAN. Because you are not going to recruit any new men. If you have 143,000 men and Congress only appropriates for 100,000, you have got to get rid of 43,000 men instead of taking on more.

Admiral WASHINGTON. The law requires that we enlist men for a period of four years; that means, on the face of it, that 25 per cent of our enlisted force must necessarily go out each four years. If Congress allowed us 100,000 men it would mean that 25,000 of those men, under the operation of law, would leave us. Now, those 25,000 men have to be replaced.

The CHAIRMAN. No; not this year, because you have 120,000 men.

Admiral WASHINGTON. We have about 117,000.

The CHAIRMAN. And if Congress only appropriates for 100,000 —

Mr. BUCHANAN (interposing). Eight thousand will have to be replaced.

Admiral WASHINGTON. Yes; on the expiration of the four-year terms of enlistment. But our records show that we lose about 27 per cent in addition to that by deaths, desertions, and discharge for inaptitude, undesirability, court-martials, and otherwise. The turnover in the Navy is enormous. You see, if we have 25 per cent

leave us by reason of expiration of enlistments, if we put it that way, and about 27 per cent for other causes——

The CHAIRMAN (interposing). It would mean about one-half.

Admiral WASHINGTON. Yes; it would mean about one-half of the Navy, or about 40 per cent, in round numbers. And that is why we are so badly off in comparison with the British Navy, because there they have a 12-year enlistment; a man stays with them 12 years, but with us, under the operation of law, we have to let him go at the end of four years. More than that, two years ago, in 1919, Congress authorized a two and three year enlistment. Now, men who enlisted in 1919, on a 2-year basis, will all go out this year, and those who enlisted on a 3-year basis will go out before July, 1922. There are something like 22,000 of them that go out.

Mr. BUCHANAN. As a matter of fact, when the war was over you let out a great many who enlisted during the war, even if their enlistments were for two or three years.

Admiral WASHINGTON. They are all gone; I do not think we now have more than eight, at the most; the rest of them having gone. As soon as the war was over and a man wanted to go, we let him go, because we wanted all such men to leave the Navy with a good feeling toward it, and because of that we let them go. He had done his work, and if he wished to be released, we granted his request.

Mr. BUCHANAN. Such men did not enter the Navy for service in the Navy, but entered it for service during the war.

Admiral WASHINGTON. That is the view we took of it and, as I say, we only have about eight of such men left. I think these eight are in Europe, and while they are "duration of the war men," as we call them, they preferred to stay there until their ships came home, or for some other personal reason and so they have not yet left. We let them go upon their request in that way, and we thus released from active service over 400,000 men.

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FRIDAY, MAY 6, 1921.

OFFICE OF THE SOLICITOR.

**STATEMENT OF MR. ALBERT E. SHOEMAKER, REPRESENTING  
THE SOLICITOR OF THE NAVY DEPARTMENT.**

**DAMAGE CLAIMS.**

The CHAIRMAN. You are asking \$5,421.05 to pay the claims adjusted and determined by the Navy Department under the naval appropriation act for the fiscal year 1911 on account of damages occasioned to private property by collisions with vessels of the United States Navy and for which naval vessels were responsible.

Mr. SHOEMAKER. That is correct, Mr. Chairman.

The CHAIRMAN. What is the nature of those claims?

Mr. SHOEMAKER. There are 19 of these claims, and they have arisen out of collisions involving naval vessels.

The CHAIRMAN. All of them for less than \$500?

Mr. SHOEMAKER. None of them for more than \$500; \$500 is the limit. They have all been determined and adjusted in the usual way by the Secretary.

The CHAIRMAN. Have you a list of them?

Mr. SHOEMAKER. Yes; I have a brief of each case, which I will be glad to leave with the committee, giving in substance the facts in each particular case.

The CHAIRMAN. You have no money out of which these claims can be paid?

Mr. SHOEMAKER. The department has no authority to pay any collision claims for damages for which vessels of the Navy are responsible, and there is no money available for that purpose, regardless of the amount of the claim. The only authority we have is incorporated in the act of June 24, 1910, which I will read:

The Secretary of the Navy is hereby authorized to consider, ascertain, adjust and determine the amounts due on all claims or damages, where the amount of the claim does not exceed the sum of \$500, hereafter occasioned by collision, for which collisions vessels of the Navy shall be found to be responsible, and report the amounts so ascertained and determined to be due the claimants to Congress at each session thereof through the Treasury Department for payment as legal claims out of appropriations that may be made by Congress therefor.

These claims have all been adjusted according to law, Mr. Chairman.

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WEDNESDAY, MAY 4, 1921.

OFFICE OF THE SOLICITOR.

**STATEMENT OF MR. PHILIP WALKER, OFFICE OF THE  
SOLICITOR FOR THE NAVY DEPARTMENT.**

**FOR AUTHORITY TO EMPLOY ADDITIONAL PERSON AT COMPENSATION  
EXCEEDING \$1,800 PER ANNUM.**

Mr. WALKER. Mr. Chairman, I came up to see you about the letter of the Secretary of the Navy addressed to you on the 8th of April with regard to a reallocation of the appropriation for temporary salaries in the Solicitor's Office which appeared in the legislative, executive, and judicial appropriation bill. Under that act the solicitor was given \$20,000 for temporary employees with the restriction that two employees might receive a salary of \$2,400, one at \$2,250, and the remainder at salaries not to exceed \$1,800. We find ourselves in this position: Mr. Martin, who has been in the office since it was organized in 1908, is now receiving a salary of \$3,000. At the outbreak of the war and during the war we commandeered a great deal of property under laws which vested the title in the United States as soon as it was taken, but which required an examination of title to determine who should be paid for it. Mr. Martin has been, I think, the most active member of that board. Their work is so nearly done that the board will probably be disbanded, but there will be a great deal of work that will have to be done by an individual, and it has been hoped that Mr. Martin might be retained for that purpose. The solicitor, or the Secretary, is asking that the law may be so changed so as to read "that no person shall be employed hereunder at a rate of compensation exceeding \$1,800 per annum, except the following: One at \$3,000 and two at \$2,400.

The matter was brought before the Senate Committee on Naval Affairs at the last session, when the naval bill was before the committee, with the same request, and they inserted in the bill, as reported to the Senate, a provision that we might pay one salary at \$3,000, one at \$2,400, and one at \$2,250. That did not take care of a man at \$2,400, and at the present rate of salaries, the only man who is receiving \$2,250 is a title searcher who will finish his work and leave the service on the 1st of July. The Solicitor feels very keenly the necessity of keeping Mr. Martin, if he can, and he fears he will not be able to keep him at less than his present salary.

The CHAIRMAN. How much is that?

Mr. WALKER. \$3,000, and I will say, if it is considered germane, that under Mr. Wood's bill for salary readjustment, Mr. Martin would undoubtedly receive from \$3,000 to \$3,600, and possibly more, depending upon what grade he was placed in.

Mr. BUCHANAN. How many have you now at \$2,400?

Mr. WALKER. We have two on what is called the temporary roll.

Mr. BUCHANAN. You would still want those two?

Mr. WALKER. We would want those two, and then we have one under the statutory roll at \$2,400. I have that statutory position.

Mr. BUCHANAN. You mean that you would want the legislation to authorize you to employ two at \$2,400 and one at \$3,000?

Mr. WALKER. Yes, sir. We do not want more money but we want the privilege of a reapportionment.

Mr. BUCHANAN. Will that eliminate the \$2,250 man?

Mr. WALKER. The \$2,250 man is already eliminated by a decreased appropriation; that is to say, on the temporary employees' roll. We have one statutory position at \$2,250.

The CHAIRMAN. Under the provision that was reported out by the Committee on Naval Affairs of the Senate, one of these men now receiving \$2,400 would have to take a reduction of \$150 a year in his pay?

Mr. WALKER. Yes, sir.

The CHAIRMAN. And you have two of them now receiving \$2,400 and you wish to keep them?

Mr. MARTIN. Yes, sir; one of them is handling these cases with reference to ship collisions, and has become an expert on that work. The other is handling general legal matters in the office.

The CHAIRMAN. And then you have, Mr. Martin, in addition to that.

Mr. WALKER. Yes, sir. We have Mr. Martin in addition who has been handling these condemnation cases, and the solicitor thinks we will need somebody of that sort for the next three years in cleaning up the loose ends. It is particularly important that in cleaning up those loose ends a man acquainted with the making of a situation should settle it. And Mr. Martin, moreover, after the end of the present fiscal year, will be the only man in the office with special experience in titles and other matters affecting the acquisition of real estate.

WEDNESDAY, MAY 4, 1921.

## BUREAU OF MEDICINE AND SURGERY.

**STATEMENTS OF REAR ADMIRAL E. R. STITT, CHIEF, BUREAU OF MEDICINE AND SURGERY, AND DR. W. S. GIBSON, CHIEF CLERK.**

## FOR INCREASE IN NUMBER OF TEMPORARY EMPLOYEES.

The CHAIRMAN. Admiral, you are asking that the salaries of temporary employees in the Bureau of Medicine and Surgery be increased by \$35,000. You have for this service in the legislative bill, for the regular force, \$24,150, and for temporary employees the additional sum of \$40,000. You are asking \$35,000 more for the temporary employees, making \$75,000 all told.

Admiral STITT. Yes, sir.

The CHAIRMAN. What is the necessity for this increase?

Admiral STITT. This is not really an increase, but a restoration. We now have 59 of these temporary employees, Mr. Good, but if the appropriation is reduced from \$75,000, which we have this year, to \$40,000 for next year, it will cut us to such an extent that we will fall tremendously behind in our work. The work which gives us most concern is in connection with the medical records for the war-risk compensation. With the 59 temporary employees, the ones we now have under the appropriation of \$75,000 for temporary employees, we are at least one month behind on the medical records for the ex-service men in connection with war-risk compensation. If, after the 1st of July, we are practically cut one-half in this appropriation, we may be two, three, four, five, or six months behind. Only a few days ago there was a conference between the War Risk people and ourselves for the purpose of determining whether or not there was some way we could bring up to date the medical records in connection with war risk compensation. They said, "Suppose we furnish you some of our special medical experts, in our clerical force, to help you out with these medical records."

But the fact is our space is limited where these records are kept, and we only have room enough for about four additional desks for working alongside the files, so that we could only use to advantage four additional clerks—that is, in addition to the ones we now have. If we fall behind three or four months it would be impossible to put in 20 or 30 clerks at one time to bring the work up to date in the matter of answering all of these war-risk compensation cases. The only way we can see our way out is to continue the full number we have working now, although, as I say, with that number we are running steadily behind. When I appeared before the Appropriations Committee about four or five months ago we were then only a few days behind on war-risk compensation, but that condition was only made possible by sacrificing regular Navy work in connection with records, and now with the full 59 clerks we have fallen behind from a few days to practically one month.

Mr. BYRNS. You would not expect to continue the employment of 59 temporary employees with \$35,000?

Admiral STITT. No, sir; it is \$75,000 for the 59, but if we are reduced from \$75,000 for this year to \$40,000 for next year it would

cut us down one-half, because several of the people who are carried on that temporary roll are clerks drawing larger salaries than the average would be—that is, dividing \$75,000 by 59.

Dr. GIBSON. We have an appropriation now of \$75,000.

Mr. BYRNS. I understood that, but I gathered from what the Admiral said that if you fail to get an additional appropriation you would lose the 59 temporary clerks.

Admiral STITT. No; we are asking to hold the same number, to hold what we have this year.

Mr. BYRNS. This \$35,000 would give you the same force.

Admiral STITT. Yes; just to hold what we have this year.

The CHAIRMAN. How many officers have you in your division, Admiral?

Admiral STITT. There were 24 officers four or five months ago, but we have released 3, so that there are 21 at the present time.

The CHAIRMAN. The general impression prevails on the floor of the House that the officers in the Army and Navy Departments are not doing very much as a general rule, except the few at the head. I suppose the same view obtains in the departments as to the Members of Congress, that they do not do anything. But we very frequently hear men who have business to transact with the two military departments say that there is a good deal of loafing going on. Personally I know nothing about it, because I have not had time to visit those departments for two or three years.

Admiral STITT. It can not be said that the officers who are in this bureau loaf. Take the man who has immediate charge of the war-risk claims, he is a temporary lieutenant and was formerly chief pharmacist in the Navy and a warrant officer; he is one of the most indefatigable workers I have ever seen, working overtime, and just an enthusiast.

The CHAIRMAN. Have all of the officers in your department had a medical education?

Admiral STITT. No, sir. You see, we have a number of these warrant officers who were pharmacists, and some chief pharmacists who now have the rank of lieutenant in the medical department, but they have not had a medical education.

The CHAIRMAN. They are mostly searching for information for the Bureau of War Risk Insurance?

Admiral STITT. In that division, but we have a number of divisions in the bureau. For instance, one division that was created at the outbreak of the war is the division that we speak of as our preventive medicine section. I consider the creation of that division as of very great advantage because it has enabled us to keep in touch with the communicable diseases in various civilian centers where our training stations were located, and in that way we have been able to expect and prepare for epidemic outbreaks of meningitis, measles, etc., in civilian communities. That division also keeps in touch with all the contagious diseases on our battleships, hospitals, stations, and everywhere. This division was created by Dr. Braisted, my predecessor, and takes one officer and five clerks. I think it would be a distinct step backward if we did not have it.

The CHAIRMAN. I suppose what actuated the legislative subcommittee in taking its action was a consideration of the comparative



appropriations; for example, your bureau had for the fiscal year ending June 30, 1916, an appropriation for a clerical force of \$19,950, or less than \$20,000. The legislative bill this year carries \$24,150 for the regular force and \$40,000 for an additional clerical force, or approximately \$65,000, which is more than three times the appropriation of 1915. While the Navy is twice the size, yet you have three times the appropriation and I assume that they rather reasoned while perhaps it would not take twice the number to take care of a navy twice the size, yet there would be some investigation for the Bureau of War Risk Insurance, and therefore they left more than one-third of that whole force for that reason.

Admiral STITT. We are working with the medical records of practically five or six hundred thousand men of the World War period; if comparison is of any value, I had charge of our record and pension division, as they then termed it, in the Bureau of Medicine and Surgery, during the Spanish-American War, and at that time the division was being pressed by pension claims 30 or 40 years after the Civil War. So that I believe we can safely say that for the next six years there will be no material reduction in these calls for medical records for the people who served in the Navy during the recent war.

The CHAIRMAN. No; but there will be a reduction of those calls with reference to those who served in the Spanish-American War and a very material reduction in connection with those who served in the Civil War.

Admiral STITT. As to the Civil War, yes; but they have recently passed new pension legislation for the Spanish-American War veterans which is now opening up a number of cases from that personnel; but the vast number of calls, of course, about 15 daily, as I remember, come in connection with Spanish-American veterans in respect to pension claims for them, but for the War Risk people they are running about 150 to 160 calls daily, for medical records, and some of those medical records where men have had long medical histories are very extensive, particularly if they have been in hospitals for any length of time. So that our record division is really working on a personnel of five or six hundred thousand men.

Mr. BUCHANAN. That would be two records for each employee, if all the employees were working on these records?

Admiral STITT. But all the employees are not on this work; we have other work. You see in our bureau we have the financial section that keeps track of expenditures in hospitals and medical supplies on ships, and so on.

Mr. BUCHANAN. About how many have you working on medical records?

Admiral STITT. About 34.

Mr. BUCHANAN. About half your force?

Admiral STITT. Yes, sir.

Dr. GIBSON. This reduction would just about take that 34 away.

Mr. BUCHANAN. That would mean a little less than five records a day apiece.

Admiral STITT. In addition to this war risk work, that division has to take care of all the medical records for the current Navy, and in addition to that, the reserve officers, who are appearing for retirement, as well as the regular officers. It may take a clerk two days to

get out one of these records that will involve months spent in hospital in order to abstract the condition of his case from day to day.

Mr. BYRNS. How many clerks did you say were involved in this appropriation of \$35,000?

Admiral STITT. We have 59.

Mr. BYRNS. How many will you lose on July 1 if you do not get this appropriation?

Dr. GIBSON. We will lose fully one-half if we are cut from \$75,000 to \$40,000.

Mr. BYRNS. If they were all getting the same salary.

Mr. BUCHANAN. The ones that were cut were paid the largest salaries, or rather some of them were paid large salaries.

Dr. GIBSON. Some of the leading men are carried under that temporary roll.

The CHAIRMAN. I wish you would put in the record a table showing the grades that you employ out of this appropriation and the salary for each grade.

(The table requested follows:)

*Positions carried under \$75,000 appropriation.*

	May 1, 1921.		
	Number.	Pay.	Total.
Chiefs of section.....	2	\$2,000	\$4,000
Clerks, supervising.....	2	1,800	3,600
Do.....	1	1,500	1,500
Clerks.....	5	1,400	7,000
Clerks (stenographers).....	8	1,300	10,400
Clerks.....	5	1,300	6,500
Clerks (stenographers).....	8	1,200	9,600
Clerks (typists).....	6	1,200	7,200
Clerks (tabulating machine).....	3	1,200	3,600
Clerks.....	8	1,200	9,600
Clerks (typists).....	5	1,100	5,500
Clerks.....	5	1,100	5,500
Messenger.....	1	720	720
Total.....	59		74,720

Dr. GIBSON. Mr. Good, may I say that in the bureau there are two lines of work, so to speak, not differentiated in the bureau distinctly, but we have, first and most important, to keep up the work of the current active Navy, and that takes a large force. That was the force that this \$24,150 was used for before the war. The Navy has grown to three times its former size. And, secondly, we must supply the War Risk, Pension, Vocational, and other outside Government agencies with important data.

The CHAIRMAN. But we are going to cut it down one-third, pretty near, to 100,000, so you will not need so much.

Admiral STITT. That would represent twice as many as we had before.

Dr. GIBSON. Yes; that would be at least twice the number we had before the war. We have to keep up this work of the current Navy, such as records for promotions, records of deaths, etc., and that is work done strictly for the current Navy. This other line of work that the Admiral has spoken of, such as furnishing data for the Bureau of War-Risk Insurance and for the Pension Bureau, is not keeping

up the activities of the fleet, but assisting other departments to function.

The CHAIRMAN. But you have always had some of that work. You had the Spanish-American War and the Civil War work, but, of course, that was almost negligible as compared with the work in connection with the recent war.

Dr. GIBSON. We were 40 years working out the pensions for the Civil War. This comes on us more suddenly and the organization is better, but we are working now on the records of over 600,000 jackets, instead of only three times the size of the former Navy. The peak of the Navy during the World War was 624,000 souls, officers and men, and that is what we are now working on.

The CHAIRMAN. Would it not be just as well to let that work run along as it did after the Civil War and after the Spanish-American war?

Dr. GIBSON. We dare not let this War Risk work run along.

The CHAIRMAN. You let the pension work run along.

Dr. GIBSON. No; the pension laws were not enacted, a great many of them, for years after the Civil War, and as each law was enacted it brought new classes in for pensions and we were able to handle it. The War Department did not handle the bulk of this pension business until the Ainsworth office was established in the eighties.

Admiral STITT. Even the one month we are falling back has worried the War Risk Bureau tremendously, so that, as I said before, only recently they have come over for a conference as to some way by which we can catch up. Apparently, they are having very many complaints about delays, and if we were two or three months behind, or eight or nine months behind, evidently there would be a frightful amount of criticism and complaint that would fall on us for not getting out the records in connection with the compensation of these ex-service men.

Dr. GIBSON. And we are coming down right rapidly, too, in the last two years. In 1920, we had three appropriations for employees; statutory, \$24,150, additional employees, \$20,000, and pay of reservists, transferred, \$93,000, which made a total of \$137,000 in 1920. This year (1921) we have only two appropriations, \$24,150 and \$75,000.

Admiral STITT. In July of last year the War Risk claims were about 75 a day, and six months later they had worked up to about 150 a day, and they are running at about that rate now. Whether there will be any let up or whether they will keep at about that level, I do not know, but they seem to think in the War Risk Bureau that we can not, for a long time, expect any dropping off in that daily number.

FRIDAY, MAY 6, 1921.

## NAVAL ESTABLISHMENT.

**STATEMENTS OF REAR ADMIRAL DAVID POTTER, PAY-MASTER GENERAL; REAR ADMIRAL C. J. PEOPLES, AND MR. CLYDE REED, SPECIAL ASSISTANT.**

**PAY, MISCELLANEOUS—FOR COMMISSIONS AND INTEREST, TRANSPORTATION OF FUNDS, EXCHANGE, ETC.**

The CHAIRMAN. You are asking \$880,000 for commissions and interest, transportation of funds, exchange, etc.

Admiral POTTER. Yes, sir.

The CHAIRMAN. We will be very glad to hear you with regard to the necessity for this appropriation.

Admiral POTTER. This appropriation, as you know, is a service appropriation—that is, it serves all parts of the Navy. In addition to the things you have mentioned it includes such things as rent of buildings, expenses of courts-martial, telegrams, cablegrams, clerical employees in the office of commandants at navy yards, clerks to naval communication services, and such things as that. In other words, it serves the entire Navy, and the expenditures, like some others, depend on the work done in the Navy.

The CHAIRMAN. How does it happen that the expenses under this item have increased so much during the past few years?

Admiral POTTER. That is due to the increased size of the Navy and it directly reflects the activities of the Navy, not only the increased size of the Navy but one might say the diversity of interests that we have over what we had a few years ago, such things as the naval communications service, etc.

The CHAIRMAN. In 1917, the first year of the war, you spent less than \$1,000,000; this year you have an appropriation of \$3,500,000, and you are asking for \$880,000, which would make \$4,380,000.

Mr. REED. But the 1918 appropriation was made available from the 4th of March and that was drawn on very heavily for the last three months of 1917.

The CHAIRMAN. Then we will go back to 1915 and 1916. In 1915 you spent \$1,000,000, and in 1916 you spent the same amount. Now, the Navy, while it is larger, is not four times as large as it was at that time.

Admiral POTTER. No, sir; the Navy is not four times as large, but it is twice as large.

The CHAIRMAN. But your appropriation is four times as large as it was in 1916.

Admiral POTTER. The activities of the Navy have increased to a great extent since that time, and the rents, mileage, and all that sort of thing, have increased very much. This appropriation also bears the expenses of mileage.

The CHAIRMAN. The mileage of officers?

Admiral POTTER. Of officers and civilians.

The CHAIRMAN. But not mileage for the enlisted men of the Navy?

Admiral POTTER. No, sir.

Mr. REED. One of the items is in connection with the increase for rented buildings and offices not in navy yards. In 1915 we spent about \$10,000 under that item, and at that time we were not renting anything except some offices scattered throughout the country. Now, for this year we are spending \$572,000 under that item, and the bulk of it is in connection with the naval supply base at New York and our activities around the navy yards. Those expenditures next year will be reduced possibly by \$200,000 or \$250,000, because we are making arrangements now to release certain property that we have had to carry up to this time.

The CHAIRMAN. Can you give us a sort of summary of the items that go to make up this estimate?

Admiral POTTER. Yes, sir. You will understand that we have got two months yet to go, and that these are simply estimates. The first item is commissions and interest and transportation of funds and exchange—\$397,000 in round numbers.

The CHAIRMAN. What do you mean by commissions and interest?

Admiral POTTER. That covers transportation of funds and exchange and commissions and interest. We transfer funds from place to place, and bills of exchange are purchased in foreign countries. The amount actually expended under that item to the 1st of April was \$243,000, and we estimate that \$397,000 will accumulate by the end of the year. For mileage, the amount indicated as needed is \$1,019,000 in round figures.

The CHAIRMAN. How much have you expended?

Admiral POTTER. We had expended \$476,000 to the 28th of February, and here is the report. There must be more expended. For traveling expenses of civilian employees, the estimated deficiency is \$344,000.

The CHAIRMAN. How much have you expended on that account?

Admiral POTTER. \$195,000 up to the 24th of February. For the rent of buildings and offices not in navy yards, the estimate is \$572,000, in round figures, and the expenditures actually reported up to the end of February were \$152,000. That covers really the first half of the year.

The CHAIRMAN. If you have expended only \$152,000 for the first half of the year, and expect to expend a like amount for the last half of the year, that would be \$304,000, instead of \$572,000?

Mr. REED. What we state as actually expended are payments actually made by disbursing officers and reported to us in their accounts that have been received. There are outstanding leases under which no payments have been made, and which we have included in the estimated amount to come. Some of the payments are made annually and some semiannually, while others are made quarterly or monthly.

The CHAIRMAN. How much did you expend under this item last year?

Mr. REED. A little over \$1,000,000.

Admiral POTTER. For telephone rentals and tolls, telegrams, cablegrams, postage, etc., the estimate is \$585,000, in round numbers, and the amount actually reported as expended is \$236,000, in round numbers. For clerical labor charged on rolls the estimate is \$1,000,000, and the amount actually reported expended is \$715,000, in round numbers. For cost of suits, warrants, expenses of discharges, station-

ery, professional investigations, religious books, etc., the estimate is \$233,000, and the amount actually expended is, in round numbers, \$80,000. For ice for cooling drinking water the amount estimated was \$110,000, and the amount actually paid out, as reported, is \$61,000. Of course, this represents the same condition that Mr. Reed mentioned—that is, there are obligations under contract where the amounts have not actually been disbursed as yet.

The CHAIRMAN. Those are the large items?

Admiral POTTER. Yes, sir.

The CHAIRMAN. If we should give you this amount you will have \$5,080,000 for this year, as compared with an expenditure of \$1,000,000 in 1916. It will be the intention of Congress to have a reduction in these expenditures. What will happen if we refuse to give you this money? Could you bring your expenditures within your appropriation?

Admiral POTTER. We are going to try desperately to do it in the future.

The CHAIRMAN. Is this not a good time to commence?

Admiral POTTER. Yes, sir; it is. I think it is a good time, and, of course, some of these things may be actually reduced, because this is in the nature of an estimate.

Mr. REED. Our expenditures and obligations for the first eight months of the year were approximately at the rate of about \$450,000 per month, and for the last four months in the year they have been running at the rate of about \$330,000 per month.

The CHAIRMAN. How are they running now?

Mr. REED. For the last four months, they have been running at the rate of about \$330,000 per month. Therefore, by reason of scrutinizing the expenditures, there has been a reduction of about one-third in the rate of expenditure for the last one-third of the year. It did not seem possible for the Secretary to cut them down further this year. One item that makes for additional expense in connection with mileage, or that keeps that item high, is due to the distribution of the fleet in two oceans, which involves a greater amount of transportation for officers across the continent. The War College classes have to be split between the two fleets and the Naval Academy classes have to be split between the two fleets, involving greater transportation expenses.

Admiral POTTER. I have a statement here that was submitted to the Secretary of the Navy, and I understand that it has not been before this committee. I would like to present this for the hearing. It is a report of the Chief of the Bureau of Supplies and Accounts to the Secretary of the Navy.

The CHAIRMAN. You may hand that to the reporter, and it will be inserted in the hearing.

(The statement referred to is as follows:)

NAVY DEPARTMENT,  
BUREAU OF SUPPLIES AND ACCOUNTS,  
Washington, D. C., March 7, 1921.

To: The Secretary of the Navy.

Subject: Condition of appropriation "Pay, miscellaneous, 1921."

Reference: (a) Navy Department's letter 13636-94, June 18, 1920; (b) naval act approved June 4, 1920; (c) First deficiency act 1921 approved March 1, 1921.

Inclosures: (a) Copy of reference (a); (b) Statement of condition of appropriation "Pay, miscellaneous," as of January 31, 1921.

1. The amount of the appropriation "Pay, miscellaneous, 1921," carried in the naval act approved June 4, 1920, was \$3,550,000 with an additional appropriation of \$650,000 in the first deficiency act approved March 1, 1921, making a total available of \$4,200,000.

2. In reference (a), tentative allotments under the appropriation "Pay, miscellaneous" for its various general objects of expenditure were made, amounting to \$3,550,000 and instructions were issued to keep within the allotments unless specific authority to exceed them was granted by the Secretary of the Navy.

3. In December, 1920, it became apparent that expenditures could not be kept within the total of the appropriation and recommendation was submitted by S. and A. to the Secretary of the Navy for transmission to Congress of a deficiency estimate of \$1,900,000, this estimate being based on the then existing rate of expenditure.

4. The formal estimate transmitted to Congress by the Secretary of the Navy was \$1,000,000 instead of \$1,900,000 as recommended by S. and A., and this amount was further reduced by Congress, so that the first deficiency act, fiscal year 1921, carried only \$650,000, making the total available for the year \$4,200,000.

5. The detailed estimate of expenditures submitted to the House and Senate Naval Committees by S. and A., when the appropriation bill for 1920 was under consideration, totaled \$5,332,000. The total expenditures and obligations incurred to January 31, 1921, so far as reported to S. and A., are \$3,439,995.57 and, notwithstanding the utmost economy, it is estimated that further expenditures amounting to \$1,649,645.03 will have to be made during the period from February 1, to June 30, 1921, or a total expenditure of 5,089,640.60 under the appropriation.

6. The sum of \$110,004.43 remained unobligated January 31, 1921, which, added to the deficiency appropriation of \$650,000, makes a total of \$760,004.43 available to meet expenditures estimated at \$1,649,645.03, or an indicated deficit of \$889,640.60.

7. The appropriation "Pay, miscellaneous," is a miscellaneous service appropriation covering a great variety of expenditures necessary for the proper conduct of the Naval Establishment and which can be controlled by administrative action only to a very limited extent, the principal items of expenditure, as shown by the inclosed statement, being for mileage and traveling expenses of officers and civilian employees, rent of buildings not in navy yards, expenses of courts-martial and prisoners, telephone rentals and tolls, telegrams and cablegrams, and pay of clerical employees in the offices of commandants of navy yards and districts and naval communication services.

8. The objects of expenditure are of such a nature that instructions can not be issued to discontinue any of them and the only procedure to be followed appears to be to direct that the issuance of travel orders be restricted to those absolutely necessary, and that all other expenditures be kept to the lowest possible figure and to submit to Congress at the beginning of the special session a further deficiency estimate for additional funds.

9. Authority to exceed the amount appropriated is covered by section 3679 of the Revised Statutes as amended by the act of February 27, 1906, which provides in part:

"All appropriations for \* \* \* general purposes \* \* \* shall, on or before the beginning of each fiscal year, be so apportioned by monthly or other allotments as to prevent expenditures in one portion of the year which may necessitate deficiency or additional appropriations to complete the service of the fiscal year for which said appropriations are made; and all such apportionments shall be adhered to and shall not be waived or modified except upon the happening of some extraordinary emergency or unusual circumstance which could not be anticipated at the time of making such apportionment, \* \* \* and in case such apportionments are waived or modified, as herein provided, the same shall be waived or modified in writing by the head of such executive department having control of the expenditure, and the reasons therefor shall be fully set forth in each particular case and communicated to Congress in connection with estimates for any additional appropriation required on account thereof."

10. And section 3732, Revised Statutes, which provides:

"No contract or purchase on behalf of the United States shall be made, unless the same is authorized by law or is under an appropriation adequate to its fulfillment, except in the War and Navy Department, for clothing, subsistence, forage, fuel, quarters, or transportation, which, however, shall not exceed the necessities of the current year."

11. It is therefore recommended that instructions be issued for reducing expenditures under this appropriation to a minimum and that authority be granted to submit a further deficiency estimate to Congress at the beginning of the special session.

C. J. PROPLES.

The CHAIRMAN. If you spend at the rate of \$450,000 for the first eight months, you will have spent for the first eight months \$3,600,000 and, therefore, you must have spent pretty much all of your appropriation.

Admiral POTTER. Within that time; yes, sir.

The CHAIRMAN. You must have about \$550,000 left.

Mr. REED. That was up to the 1st of March.

The CHAIRMAN. If you are running now at the rate of \$350,000 per month—

Mr. REED. It leaves a deficiency of about \$880,000. Of course, there may be some reduction made in that, because these expenditures are made all over the world. Some of the accounts of the disbursing officers come in monthly and others quarterly, and we can not control payments from this appropriation by specific allotments from Washington.

Admiral POTTER. We have not much control over this. We can tell where it goes and where it comes from, but we can not control the activities of the Navy. The original estimate transmitted to Congress by the Secretary of the Navy was \$1,000,000 while the bureau estimated \$1,900,000.

The CHAIRMAN. For the last three months of the year, with expenditures at the rate of \$330,000 per month, you would require \$990,000. You must have on hand available about \$600,000, because if you have expended at the rate of \$450,000 per month for the first eight months, that would take \$3,600,000, which would leave you available on March 1, \$600,000 for the remaining four months.

Mr. REED. Yes, sir.

The CHAIRMAN. At the rate of \$330,000 per month, you would need \$1,320,000 for four months, leaving you about \$720,000 as a deficiency.

Mr. REED. I find that the other figure I gave you of \$450,000 was given from memory. I find from this statement that on the 31st of January we had obligated \$3,439,995.57, which left \$410,000 available on the 1st of February. We had a subsequent deficiency appropriation of \$650,000, which would make a total of \$760,004.43 for the remainder of the year, while the estimated expenditures from the 1st of February to the end of the year were \$1,649,645.03, making an indicated deficit of \$889,640.60.

The CHAIRMAN. When you asked for the deficiency before, you did not ask for enough, according to this.

Admiral POTTER. We asked for \$1,900,000.

The CHAIRMAN. I am talking about what the Secretary asked for.

Admiral POTTER. He asked for \$1,000,000, and \$650,000 was allowed. It was reduced below the Secretary's request at that time from \$1,000,000 to \$650,000. It was anticipated by this bureau at that time that more money would be needed.

The CHAIRMAN. But if we had given all that the Secretary asked, you would still be coming back for this deficiency.

Mr. REED. Yes, sir; and we pointed out at the time we were here in January that the Secretary made his cut without reason.

The CHAIRMAN. It seems to me that when the Secretary decides that \$1,000,000 is enough to spend, you should cut your coat according to the cloth.



Mr. REED. This appropriation is one over which we have no control.

The CHAIRMAN. You say that it is something over which you have no control, but you do have some control over it, because you have reduced the expenditures \$100,000 per month.

Admiral POTTER. We should have said not entire control or complete control.

Mr. REED. The Paymaster General does not have control. Of course, he makes certain recommendations to the Secretary, where he sees reductions can be made.

Admiral POTTER. We report on it from time to time, but if a mileage order comes along, for instance, this bureau can not, of course, object to the movement of the officer personnel.

The CHAIRMAN. I suppose you have officers, just as we have Members of Congress, who send long-winded telegrams, and as long as nobody checks them up they will continue that practice. We checked up Members of Congress in that regard, with the result that the appropriation was cut down. I apprehend the same thing might be done in the Navy.

Mr. REED. The same thing is being done. The expenditures for telegrams are being materially reduced. We have been putting economies into effect in that respect. Our estimate for that was \$900,000, but at the beginning of January the indications were that it would be down to about \$600,000, and our latest figures indicate not exceeding \$580,000. We are still endeavoring to restrict the number, and the stations, yards, and officers were given specific allotments on that particular feature, and they are not allowed to exceed them without special authority. Every practical effort is being made to cut down the expenditures.

The CHAIRMAN. You may insert the table you have there in the record.

(The table referred to is as follows:)

*Statement of appropriation pay, miscellaneous, 1921, showing expenditures reported to Feb. 28, 1921, with estimate of condition June 30, 1921.*

Subhead.	Amount appropriated.	Amount expended.	Obligations estimated to come.	Estimated for year.	Indicated deficit under each subhead.
Commissions and interests; transportation of funds and exchange.....	\$177,000.00	\$243,237.81	\$154,484.25	\$397,722.06	\$220,722.06
Mileage and actual personal expenses of officers while traveling; traveling expenses of female nurses; mileage of midshipmen entering Naval Academy.....	570,000.00	476,744.52	543,246.14	1,019,990.66	449,990.66
Traveling expenses of civilian employees.....	150,000.00	195,862.76	149,084.27	344,947.03	194,947.03
Rent of buildings and offices not in navy yards.....	450,000.00	151,624.76	421,140.72	572,765.48	122,765.48
Expenses of courts-martial, prisons and prisoners, courts of inquiry, expenses for interned persons and prisoners of war, including funeral expenses.....	200,000.00	167,030.87	112,476.49	279,507.36	79,507.36
Newspapers, periodicals, and all advertising for the Navy Department (except recruits).....	20,000.00	16,149.58	10,282.89	26,432.47	6,432.47

*Statement of appropriation pay, miscellaneous, 1921, showing expenditures reported to Feb. 28, 1921, with estimate of condition June 30, 1921—Continued.*

Subhead.	Amount appropriated.	Amount expended.	Obligations estimated to come.	Estimated for year.	Indicated deficit under each subhead.
Copying, costs of suits, commissions, warrants, diplomas, and discharges; expense of naval defense districts; stationery and recording; reports, professional investigations; religious books; cost of special instruction at home.....	\$155,000.00	\$78,275.29	\$155,309.10	\$233,584.39	\$78,584.39
Cost of special instruction abroad, including maintenance of students and attachés; information from abroad and at home, and the collection and classification thereof.....	215,000.00	73,790.55	141,209.45	215,000.00	.....
Ice for cooling of drinking water on shore (except naval hospitals).....	75,000.00	60,048.79	50,300.43	110,349.22	35,349.22
Telephone rentals and tolls, telegrams, cablegrams, postage, foreign and domestic post-office box rentals.....	365,000.00	235,959.30	349,152.29	585,111.59	220,111.59
Actual expenses of officers while on shore patrol duty; hire of launches; relief of vessels in distress; recovery of valuables from shipwrecks; quarantine expenses; claims for damages for loss of property, ferrage, tolls (street car fares), and other necessary and incidental expenses.....	138,000.00	65,253.75	130,294.73	195,548.48	57,548.48
Clerical labor charged on rolls.....	1,000,000.00	714,486.13	285,513.87	1,000,000.00	.....
Special allowances of officers and enlisted men serving under unusual conditions.....	25,000.00	3,813.92	4,000.00	7,813.92	<sup>1</sup> 17,186.08
Transportation of dependents of officers, etc.....	10,000.00	31,471.68	58,278.96	89,750.64	79,750.64
Totals allocated to subheads.....	3,550,000.00	.....	.....	.....	.....
Appropriated, not allocated.....	650,000.00	.....	.....	.....	<sup>1</sup> 650,000.00
Total.....	4,200,000.00	2,513,749.71	2,564,773.59	5,078,523.30	.....
Total appropriated.....	.....	.....	.....	4,200,000.00	.....
Indicated deficit June 30, 1920.....	.....	.....	.....	.....	878,523.30

<sup>1</sup> Balance.

#### BUREAU OF SUPPLIES AND ACCOUNTS.

##### MAINTENANCE, INCREASE ON LIMITATION OF EXPENDITURES FOR CLERICAL ASSISTANCE.

The CHAIRMAN. For maintenance, Bureau of Supplies and Accounts, you are asking \$750,000.

Admiral POTTER. We are asking to raise the limitation on clerical expenditures there \$500,000 or to \$4,750,000, the limitation raising the amount disburseable for clerical employees by \$500,000. It does not increase the appropriation. I have been looking over this estimate with a pretty strenuous eye, and I think we can get along with \$700,000 instead of \$750,000. I am sure that we can do that. I do not mean to say that things will be done just as well, but we will do it by not granting supplies for which there are a number of requests. The material is needed, but they can get along without it. I have a statement here that I think, perhaps, will make it clear:

1. "Maintenance, Supplies and Accounts" is the appropriation from which is defrayed the cost of the technical and clerical forces in the supply, disbursing, and ac-

counting departments at navy yards and naval stations and the cost-inspection service at private plants where ships are being constructed under cost-plus contract; stockmen, storemen, and store laborers in supply departments ashore, and miscellaneous unskilled labor engaged in handling stores; materials required for use in supply, disbursing, and accounting departments; and supplies and equipment under the cognizance of Supplies and Accounts furnished to vessels of the Navy.

2. The amount carried in the naval act approved June 4, 1920, under this appropriation was \$10,500,000 with a limitation of \$3,500,000 for technical and clerical employees.

3. It having become evident early in the fiscal year that the amount provided for technical and clerical employees was insufficient for the proper carrying on of the work, the apportionment was waived by the Secretary of the Navy and authority given to exceed the limitation by \$1,850,000 and if necessary to incur a deficiency under the appropriation, provided other expenditures could not be reduced so as to avoid a deficiency, the action taken to be reported to Congress at its session in December, 1920.

4. A deficiency estimate, with a further request for an increase in the limitation of \$1,750,000 was accordingly submitted to Congress with recommendation for inclusion in the first deficiency bill, 1921. The House Committee on Appropriations recommended only an increase in the limitation for technical and clerical employees of \$750,000 without, however, providing any additional funds under the appropriation; but this provision was stricken out of the bill on point of order when it was under consideration in the House of Representatives.

5. The matter was then taken up with the Senate Committee on Appropriations, the following being quoted from the letter of the Secretary of the Navy, dated February 11, 1921:

"(a) The amount expended for this purpose for the fiscal year 1920 was \$10,125,000. The estimate as originally submitted by the Paymaster General of the Navy was \$5,900,000, but was reduced by me to \$3,500,000 in the hope that expenditures could be kept within that limitation; but subsequent developments have conclusively shown this sum to be insufficient and that the reductions for classified employees for 1921, as compared with the amounts expended in 1920 for other bureaus, indicated as follows:

	Per cent reduction.
Bureau of Construction and Repair.....	11.4
Bureau of Engineering.....	25.01
Bureau of Ordnance.....	35.7
Bureau of Supplies and Accounts.....	62.7

I mention that to show that while we have to carry on very much the same sort of work, our reduction was greatly in excess of that of any other part of the Naval Establishment.

"(b) Under the centralized system of supply, disbursing, accounting and cost inspection in the Navy, this appropriation renders combined service for every bureau and office of the Naval Establishment and not specially for the benefit of the Bureau of Supplies and Accounts. All funds appropriated for the maintenance and upkeep of the fleet and of navy yards and stations, both in personnel and matériel, are directly reflected in the work under the jurisdiction of the Bureau of Supplies and Accounts, and it must necessarily be allowed sufficient funds for its maintenance, otherwise the other bureaus of the department can not control the appropriations under their cognizance."

6. The Senate committee recommended an increase of \$1,700,000 in both the appropriation and the limitation, but on the insistence of the House of Representatives and to avoid the failure of the entire first deficiency bill, the Senate committee was obliged to accept the House provision which increased the limitation in the sum of \$750,000, but provided no additional funds.

7. As soon as this action was taken, instructions were issued to all navy yards and stations to reduce the technical and clerical forces by an average of 20 per cent and the storehouse employees and unskilled labor by 40 per cent, effective March 1, 1921, in order to keep expenditures for the remainder of the year within the total of the appropriation. This action was taken as a matter of necessity and without regard to the effect it might have upon the work in the supply, disbursing, and accounting departments at navy yards and stations. In taking this action, the limitation for the employment of technical and clerical forces has been disregarded, the following

being a summary of the situation so far as pertains to the limitation for this class of employees:

Amount authorized to be expended for technical and clerical forces..	\$4,250,000. 00
Expended and allotted to Mar. 31, 1921.....	3,594,087. 80

Available for 3-months period from Apr. 1 to June 30, 1921.....	655,912. 20
Average available for three months.....	220,000. 00
Amount required per month on basis of authorized force Mar. 1, 1921.	
after 20 per cent reduction.....	360,000. 00
Monthly expenditures prior to reduction.....	420,000. 00

8. It will be seen that for the last three months of the year the sum of \$655,912.20 is available for the pay of technical and clerical employees for which approximately \$1,080,900 is required, after the 20 per cent reduction of March 1, 1921, has been taken into consideration.

9. Reports received from the various navy yards and stations indicate that absolutely necessary work can be carried on until June 30, 1921, with the force now employed, but that a further reduction would have a disastrous effect upon the work of the Supplies and Accounts activities.

The CHAIRMAN. Is this deficiency requested to increase your force or to put men back in the service?

Admiral POTTER. No, sir; it is to continue to hold the persons who are already employed. So far from increasing the force, I have every expectation of being able to release a few between now and the end of the year. I took that into consideration in determining that \$700,000 would be sufficient instead of \$750,000.

Mr. REED. In other words, the secretary authorized us to ignore the limitation and to continue the force that we had after the 20 per cent reduction on the 1st of March. To make that good we will require an increase of about \$500,000 in the limitation.

Admiral POTTER. You will notice that it appears in the bill as \$750,000, but we can get by there on \$500,000.

The CHAIRMAN. There was carried in the bill originally a limitation of \$3,500,000 for clerical and technical services, and that was increased by \$750,000 in the last deficiency act, making \$4,250,000 and now you want a still further increase of \$750,000.

Admiral POTTER. No, sir; \$500,000, making the total \$4,750,000.

The CHAIRMAN. It is necessary to increase that by \$500,000 in order to take care of this reduced force, after you made a reduction of 20 per cent in the clerical force and 40 per cent in the unskilled force?

Admiral POTTER. That is it; yes, sir; and I do not expect to take on a single new employee.

The CHAIRMAN. Can you put in the record a statement of the expenditures for clerical and technical employees, showing the expenditures by months?

Mr. REED. Yes, sir; we have that right here.

(The statement referred to is as follows:)

# SECOND DEFICIENCY APPROPRIATION BILL, 1921.

	Expended and obligated to Mar. 31.	Allotments, April and May.	Estimated for June.	Total expenditures, allotments, and estimate.	Appropriated.	Balance available.	Indicated deficit.
<b>Labor:</b>							
Clerical, inspection, and messenger service, etc.	\$3,453,988.91	\$705,539.79	\$370,000.00				
Retirement fund transfer	95,000.00	17,000.00	8,000.00				
<b>Total</b>	3,548,988.91	722,539.79	378,000.00	\$4,649,528.70	\$4,250,000.00		\$399,528.30
Storemen, stockmen, checkers, store laborers, cost accountants, etc.	1,197,742.16	207,469.66	115,000.00				
Schedule of wages of employees.	1,959,574.57	278,070.96	142,500.00				
Retirement fund transfer	63,000.00	10,000.00	5,000.00				
<b>Total</b>	3,220,316.73	495,540.62	262,500.00	3,980,357.35			
<b>Naval supply account issues ashore:</b>							
To yards and stations for use—Fuel, books, blanks, stationery, etc.	550,657.72	107,128.28	47,000.00				
To ships and miscellaneous activities—Equipment and supplies	322,840.82	64,429.00	35,000.00				
<b>Total</b>	873,498.54	171,557.28	82,000.00	1,127,055.82			
Public bills for supplies and services at home and abroad	288,626.38	59,137.37	29,000.00	376,763.85			
Other Government departments—Public printing, food inspection, etc.	45,000.00	10,000.00	5,000.00	60,000.00			
Public bills abroad, for services, and naval supply account issues of supplies for ships	375,000.00	83,000.00	42,000.00	500,000.00			
<b>Total expenditures</b>	8,353,430.56	1,551,775.26	798,500.00	10,693,705.82			
Less credits for equipment and supplies returned to the naval supply account, etc.	159,798.83	30,201.17	10,000.00	200,000.00			
<b>Net expenditures</b>	8,193,631.72	1,521,574.09	788,500.00	10,463,705.82	10,500,000.00	\$6,294.18	

Statement of expenditures to Mar. 31, 1921, April and May allotments, and an estimate of the condition as of June 30, 1921, under the appropriation "Maintenance, Supplies and Accounts, 1921."

	Labor.				Naval supply account.		Home and foreign public bills.	Other Government departments.	Ships' public bills and naval supply accounts ad hoc.
	Clerical.	Storemen.	Miscellaneous.	Total.	Use.	Ships.			
July:									
Home.....	\$296,742.81	\$129,289.72	\$282,378.21	\$708,410.74	\$35,983.15	\$13,698.08			
Foreign.....	9,859.04	13,602.67	2,475.57	25,937.28	3,778.54	2,045.75			
Miscellaneous.....	45,488.83			45,488.83					
Total.....	352,090.68	142,892.39	284,853.78	779,836.85	39,761.69	15,743.83			
August:									
Home.....	263,553.35	116,810.55	216,478.54	596,842.44	46,757.80	16,382.82			
Foreign.....	9,428.04	12,020.46	3,807.94	25,254.44	3,082.98	2,490.02			
Miscellaneous.....	44,490.37			44,490.37					
Total.....	317,469.76	128,831.01	220,286.48	666,587.25	49,840.78	18,872.84			
September:									
Home.....	258,508.66	103,770.79	217,640.05	579,919.50	48,250.46	26,073.51			
Foreign.....	9,428.88	12,707.01	3,584.26	25,720.15	4,150.11	6,750.67			
Miscellaneous.....	44,369.91			44,369.91					
Total.....	312,307.45	116,477.80	221,224.31	650,009.56	52,400.57	32,824.18			
October:									
Home.....	302,741.35	117,176.75	217,182.64	637,100.74	56,552.59	46,538.04			
Foreign.....	9,125.06	15,728.39	1,682.23	26,535.68	2,835.03	2,909.14			
Miscellaneous.....	44,219.85			44,219.85					
Total.....	356,086.26	132,905.14	218,864.87	707,856.27	59,387.62	49,447.18			
November:									
Home.....	452,614.61	148,016.51	225,250.53	825,881.65	60,346.87	37,288.29			
Foreign.....	11,320.06	9,307.23	10,591.50	31,218.79	5,227.21	3,917.50			
Miscellaneous.....	43,504.28			43,504.28					
Total.....	507,438.95	157,323.74	235,842.03	900,604.72	65,574.08	41,205.79			

Statement of expenditures to Mar. 31, 1921, April and May allotments, and an estimate of the condition as of June 30, 1921, under the appropriation "Maintenance, Supplies and Accounts, 1921"—Continued.

	Labor.				Naval supply account.		Home and foreign public bills.	Other Government departments.	Ships' public bills and naval supply accounts afloat.
	Clerical.	Storemen.	Miscellaneous.	Total.	Use.	Ships.			
December:									
Home.....	\$389,690.43	\$142,412.56	\$229,839.95	\$761,942.94	\$74,929.60	\$47,351.30			
Foreign.....	10,249.13	5,493.64	12,925.65	28,668.42	5,441.80	3,637.24			
Miscellaneous.....	43,315.05			43,315.05					
Total.....	443,254.61	147,906.20	242,765.60	833,926.41	80,371.40	50,988.54			
January:									
Home.....	366,463.95	131,287.72	203,293.28	701,044.95	69,718.07	44,243.91			
Foreign.....	10,036.51	2,659.86	16,344.17	29,040.54	4,088.27	2,992.91			
Miscellaneous.....	42,949.53			42,949.53					
Total.....	419,449.99	133,947.58	219,637.45	773,035.02	73,806.34	47,236.82			
February:									
Home.....	327,826.79	116,726.41	179,830.68	624,483.88	70,204.08	32,442.65			
Foreign.....	10,000.00	6,000.00	10,000.00	26,000.00	4,000.00	2,500.00			
Miscellaneous.....	42,961.37			42,961.37					
Total.....	380,788.16	122,726.41	189,830.68	693,445.25	74,204.08	34,942.65			
Home.....	311,948.09	108,731.89	116,169.37	536,849.35	51,311.16	29,078.99			
Foreign.....	10,000.00	6,000.00	10,000.00	26,000.00	4,000.00	2,500.00			
Miscellaneous.....	43,154.96			43,154.96					
Total.....	365,103.05	114,731.89	126,169.37	606,004.31	55,311.16	31,578.99			
Register No. 11.....									\$102,326.55
Register No. 5.....							\$89,868.93		40,955.17
Register No. 8.....									143,826.14
Register No. 12.....								\$17,059.74	
Outstanding.....							112,357.71		
Total up to Mar. 31, 1921.....	3,453,988.91	1,197,742.16	1,959,574.57	6,611,305.64	550,657.72	322,940.82	202,226.64	17,059.74	287,021.86

<b>April allotments:</b>									
Home.....	296,444.49	99,418.18	125,039.03	530,991.70	50,023.78	29,351.00			
Foreign.....	10,710.40	3,428.24	10,903.60	31,012.24	4,171.00	3,660.00			
Miscellaneous.....	43,000.00			43,000.00					
<b>Total.....</b>	<b>350,154.89</b>	<b>102,846.42</b>	<b>141,942.63</b>	<b>594,943.94</b>	<b>61,104.78</b>	<b>33,011.00</b>			
<b>May allotments:</b>									
Home.....	301,958.10	100,605.00	121,262.33	523,925.43	42,352.50	27,258.00			
Foreign.....	10,428.80	4,018.24	14,866.00	29,311.04	3,671.00	4,160.00			
Miscellaneous.....	43,000.00			43,000.00					
<b>Total.....</b>	<b>355,386.90</b>	<b>104,623.24</b>	<b>136,128.33</b>	<b>596,136.47</b>	<b>46,023.50</b>	<b>31,418.00</b>			
<b>Total allotments, April and May.....</b>	<b>705,539.79</b>	<b>207,469.66</b>	<b>278,070.96</b>	<b>1,191,080.41</b>	<b>107,128.28</b>	<b>64,429.00</b>			
<b>Total expenditures and allotments to May 31, 1921.....</b>	<b>4,159,528.70</b>	<b>1,405,211.82</b>	<b>2,237,645.53</b>	<b>7,802,386.05</b>	<b>657,786.00</b>	<b>387,269.82</b>			
<b>24 per cent deduction for retirement.....</b>	<b>120,000.00</b>	<b>180,000.00</b>		<b>200,000.00</b>					
<b>Estimated to come.....</b>	<b>370,000.00</b>	<b>115,000.00</b>	<b>142,500.00</b>	<b>627,500.00</b>	<b>47,000.00</b>	<b>35,000.00</b>	<b>42,940.26</b>	<b>222,978.14</b>	
<b>Grand total for year.....</b>	<b>4,649,528.70</b>	<b>1,800,211.82</b>	<b>2,380,145.53</b>	<b>8,629,886.05</b>	<b>704,786.00</b>	<b>422,269.82</b>	<b>376,763.95</b>	<b>60,000.00</b>	<b>500,000.00</b>

<sup>1</sup> For both storemen and miscellaneous.

Grand total of all expenditures.....	\$10,693,705.83
Appropriated.....	10,500,000.00
Estimated credit.....	200,000.00

Indicated balance.....

<sup>1</sup> Includes \$4,250,000 appropriated for clerical services.

6,294.18



The CHAIRMAN. How about the cost of fuel under this item?

Mr. REED. That is an unfortunate word for this appropriation. "Fuel" happens to be the first word in the appropriation, and it is used as a basis for charging to this appropriation heat, light, and power for the storehouses. Fuel for the Navy is not purchased from this appropriation.

The CHAIRMAN. I understand that. This is for heating storehouses and rented buildings.

Admiral POTTER. Yes, sir; and includes light and power.

Mr. REED. It is for heat, light, and power in the Navy. We used to purchase our own fuel out of it many years ago, but now it is all furnished from the central power plants for heating plants. The wording of the appropriation has never been changed, although we actually do not buy any coal under this appropriation.

Admiral POTTER. There is a distribution of the charges made several times a year, and it is determined what is properly chargeable to each month.

The CHAIRMAN. What is the balance of the appropriation?

Admiral POTTER. That is shown in the table.

Mr. REED. If we keep the expenditures the way they are going we will just about break even.

The CHAIRMAN. That is the present condition?

Mr. REED. Yes, sir. But, as Admiral Potter will explain to you, we have simply shut down on the issue of necessary materials to the fleet for certain purposes.

Admiral POTTER. These are some of the things that we are holding up but which ought to be handled; these matters have been approved but the materials have not yet been handed out or purchases actually made. Many ships' requisitions have been approved for equipage and supplies but have not been filled for lack of funds. Allotments to cover issues to ships at shore stations for May and June could be used for this purpose, amounting to \$100,000, and there is where I say we may do with \$50,000 less. Originally the amount was placed at \$100,000, but we have reduced it to \$50,000. Additional allotments for mess gear and cleaning gear on board ship have been consistently refused, and according to reports in connection with requests for these increased allotments much of the mess gear now on hand is in an insanitary condition and the cleaning gear is inadequate to keep the ships in proper condition.

It is estimated that \$100,000 could be used to restore mess gear and cleaning gear to a proper condition. That is very true, because we have great difficulty in providing proper mess gear, the crockery, and all that sort of thing, for the men. On some of the ships we have found it necessary to have a supplemental table—what we speak of as a second table; it is not a second table in respect to the quality of food or anything of that kind, because the men eating at the second table get the same food; but the trouble is that we can not feed them all at once with the mess gear we have on hand. That is an unhappy situation which certainly ought to be remedied.

The CHAIRMAN. The fleet has just come back from its cruise, and I supposed it would be tied up.

Admiral POTTER. But that would not relieve the necessity for matters of this sort.

The CHAIRMAN. Because you must still feed the crews?

Admiral POTTER. Yes; and they ought to have proper mess gear. One of our proudest boasts is the excellent way in which the men live aboard ship, and it is really remarkable the food they get and the quality of service, when you consider you have on board ship 1,500 men who are fed three times a day, and in doing all of that mess gear has to be served, then taken back, cleaned, and washed, and sterilized.

The CHAIRMAN. Suppose we gave you the increase in the limitation but did not give you the money—where would you be?

Admiral POTTER. I do not think we could get through from the information I have been able to collect and after scanning the figures. Of course, if you decided to do that we would desperately try, but some of these things would certainly be held up.

The CHAIRMAN. You could not get them much before the 1st of July any way, and this bill will not become a law much before the 1st of June.

Admiral POTTER. You understand, sir, that we have this clerical limit now.

Mr. REED. The total money we are asking for is not paid from the clerical fund, and the additional money is for materials.

The CHAIRMAN. My question was, Suppose we increased the limitation, but did not give you the additional money?

Mr. REED. It would mean that we would begin the next fiscal year with limited funds and very much behind. We have a situation on the ships such as this: That they have the mess gear actually on board in the naval supply account, but they can not issue it because there is no allotment to which they can charge it; they have the materials right there, or have them in the navy yards, where they could be issued immediately to the ships, but we can not give them the funds or authorize them to be drawn from the stores.

Admiral POTTER. Here is another item of \$50,000, labor. One of the most urgent needs is for additional labor in supply, accounting, and disbursing offices. The laboring force has been reduced below requirements to keep within the appropriation, and further reduced by the Bureau of Navigation by removing most of the enlisted personnel from shore-station activities. During the war they had enlisted personnel. Then we have an estimated item to cover various things for which we have no reports. I would like very much to have not less than \$700,000, and we are going to try hard and conscientiously to keep it much less.

The CHAIRMAN. Did you give the balance?

Mr. REED. The figures here indicate a balance of \$6,000.

The CHAIRMAN. Of course, that is the balance unallotted?

Mr. REED. The balance that will be unallotted, yes, sir; the way we propose to make allotments if we do not get this additional money; but it means that we are holding up absolutely necessary expenditures, and we will start at the beginning of the next fiscal year with a still further reduced appropriation.

The CHAIRMAN. Not much, because you have \$9,000,000 for next year, with the cost of everything going down, and under the provisions of the deficiency act you take in these supplies at very materially reduced prices, and with this 20 per cent reduction in your clerical force and 40 per cent reduction in your unskilled force

you will have more money than you will know what to do with next year.

Admiral POTTER. No; because there are all sorts of activities that people press upon us to take up.

The CHAIRMAN. But you will have to use some resistance along that line, Admiral.

Admiral PEOPLES. The trouble is that the amount of money appropriated under maintenance for the other bureaus calls for certain work and certain services under this appropriation. When you appropriate for a new ship, for example, it is ordinarily thought that that includes the total cost of the ship, but the cost inspection force, for ascertaining the cost of that ship, must be provided for out of this appropriation. The same principle applies to the appropriation for all of the other bureaus.

Admiral POTTER. And then the assembling of the stores and every other activity of that ship.

The CHAIRMAN. But there is no appropriation for new ships or for additional ships, an appropriation having been made to complete the program?

Admiral PEOPLES. To complete the present program, yes; and the same principle applies to all the mechanical employees and other employees employed under the other appropriations; they must be paid by the cost inspection force and accounting force to be allowed under this appropriation. Those men must be paid for.

Mr. REED. As a matter of fact, some of our disbursing officers have reported to us that due to the reduction that was made in their force on the 1st of March the Government is actually losing money because it takes them longer to pay the working force; that the force loses from 15 to 20 minutes from its work, and when a thousand men are concerned in that way it runs away beyond the pay of a clerk or two that we can not give them. All of those elements enter into it and the apparent economy really is not an economy at all.

Admiral POTTER. Was not the original estimate for maintenance next year about \$12,000,000?

Admiral PEOPLES. \$14,000,000.

The CHAIRMAN. But Assistant Secretary Roosevelt came before the Budget Committee and said that all of the bureaus and all of the departments asked for more money than they expected to get, with the hope that when reductions were made they would finally get all they would need.

Admiral PEOPLES. I can truthfully say that that has not been the case with Maintenance, Supplies, and Accounts.

Mr. REED. Referring to that cost, the disbursing officer at New York says that the reduction in his force amounts to \$690.30 a month, and that the loss due to increased time required to pay the employees is \$3,192 per month, or a net loss of \$2,500 a month in saving \$600.

The CHAIRMAN. But, Admiral Peoples, I can well understand that if you estimated very closely—so closely, in fact, that you would likely have to bring about economies which would destroy the real effectiveness of your bureau—the Secretary might criticise you for not having made larger estimates, and I think every bureau head, when he makes these estimates for his bureau, endeavors to make them large enough to meet not only known demands but any contingencies that might arise. So I rather think that in the estimates

of a bureau that wants to grow—and every bureau wants to grow—there is unconsciously placed an element of safety.

Admiral PEOPLES. But the point I was making was that under the Navy's appropriation system, and where work is centralized under various bureaus, as under this bureau, it results in the particular bureau becoming a service bureau for all of the other bureaus of the Navy Department, and its activities depending entirely upon what that work is and the demands that are made upon it. The amount of money that is actually under the control of the Paymaster General in this appropriation amounts to a very small proportion of the total.

Admiral POTTER. May I ask whether it is understood clearly what we are asking for?

The CHAIRMAN. Yes; you want \$700,000 in money and the limitation further increased by \$500,000.

Admiral POTTER. That is right, sir.

#### FOR FREIGHT AND EXPRESS CHARGES.

The CHAIRMAN. You are asking a deficiency appropriation of \$1,700,000 for freight and express charges.

Admiral POTTER. This, as you will remember, is another service appropriation that serves all branches of the Navy and is one that in my time—some 23 years now—it has never been possible to estimate exactly. I think I am right in that.

Admiral PEOPLES. That is true; there has been a deficiency every year.

Admiral POTTER. The charges against this appropriation depend entirely upon the quantities of stores to be moved between the various navy yards, between navy yards and vessels of the Navy, and between manufacturing plants and navy yards in the case of purchased articles which are accepted f. o. b. works with transportation charges payable by the Navy. The exact quantities to be moved can not be determined in advance.

The CHAIRMAN. You had \$7,000,000 this year.

Admiral POTTER. A total of \$7,000,000; yes, sir. The original act was \$2,000,000 and the amount was increased by \$5,000,000. I do not know why it was so low in the first place. Perhaps Admiral Peoples remembers.

The CHAIRMAN. They only estimated for \$2,000,000.

Admiral PEOPLES. The original estimate was \$10,000,000, and it was one of those arbitrary cuts to \$2,000,000.

The CHAIRMAN. By the Secretary?

Admiral PEOPLES. Yes, sir.

The CHAIRMAN. Congress gave just what the Secretary asked?

Admiral PEOPLES. Yes, sir.

Admiral POTTER. And later Congress gave \$5,000,000, making a total of \$7,000,000.

The CHAIRMAN. What is the condition of your balance at the present time?

Mr. REED. We have an indicated deficit of \$2,168,000 at this time, although the estimate as submitted is \$1,700,000.

Admiral POTTER. The fleet is here and things will probably be cut down. The fleet on the other side is also back in Pacific coast ports, and we hope to get by on that, although that is a very rough estimate.

The CHAIRMAN. The \$1,700,000?

Admiral POTTER. Yes, sir.

The CHAIRMAN. So it could be cut some?

Admiral POTTER. I do not think so, with an indicated deficit of over \$2,000,000.

The CHAIRMAN. You can stop some shipments?

Admiral POTTER. We are making it \$1,700,000 because some shipments that ought to go through we hope will be stopped. We are just guessing that they can be stopped, and in making this estimate we have taken that into consideration.

Mr. REED. We can not tell exactly, Mr. Good, because the deficit may only run \$1,500,000, or it may run over \$2,000,000. We can not give you an exact figure and we can not absolutely control it.

The CHAIRMAN. You can control it to some extent by having the Secretary stop issuing orders for shipments.

Admiral PEOPLES. Mr. Chairman, this is the one appropriation which covers all freight in connection with all bureaus, all navy yards, and no matter where located. Now, if an article is on hand in the New York yard and that article is needed at Norfolk, and it can be spared from the stock at the New York yard, it is not wise to make a new purchase for Norfolk, but to ship from New York to Norfolk. In that way about \$70,000,000 worth of supplies have been transferred from points where they were in excess to points where they were needed. Of course, the freight charges on those shipments would come out of this one particular appropriation.

The CHAIRMAN. If we give you this amount you will have for this year \$8,700,000, while for next year you will have only estimated \$5,000,000.

Admiral PEOPLES. Well, we think the shipments will come down tremendously.

Mr. REED. That was not our estimate for next year, Mr. Chairman, I am sorry to say, and if it was our estimate we would feel quite sure we would get by on it.

Admiral POTTER. As I remember, it always takes a number of months to determine the actual freight charges, and then the shippers sometimes dispute the claims, and all that sort of thing. So it is always a number of months after the fiscal year before we know what that has really cost us.

The CHAIRMAN. How much money have you on hand?

Mr. REED. I have not those figures.

The CHAIRMAN. I wish you would put in the record a statement showing how much money you have on hand.

Mr. REED. On the 31st of January we had actually paid out, as reported to us, \$5,268,000, and further charges estimated to accrue \$3,900,000.

#### FOR FUEL AND TRANSPORTATION.

The CHAIRMAN. For fuel and transportation you are asking a deficiency of \$6,600,000. The estimate was \$10,000,000, and you have already had \$30,000,000.

Admiral POTTER. The original estimate as it went from the Bureau of Supplies and Accounts to the Secretary was, I understand, \$37,000,000.

Admiral PEOPLES. \$37,000,000; yes.

Admiral POTTER. That was reduced by the Secretary to \$10,000,000. Admiral Peoples came before the committee on the first deficiency bill and secured from Congress \$20,000,000, making \$30,000,000.

The CHAIRMAN. This is fuel for the fleet?

Admiral POTTER. Yes, sir; it is fuel for the fleet and has nothing to do with the fuel for our bureau. It depends upon the activities of the fighting forces; if they have fewer activities we spend less, provided contracts are not already made. I have here a table which shows very interestingly the different rates and the amounts of oil, coal, and gasoline; also a table showing the prices we are paying for coal and have paid at different periods of the year. I think you will find it interesting to have those tables inserted in your record.

The CHAIRMAN. I wish you would put them in the record so that we will have them before us.

(Said tables follow.)

*Fuel-oil and gasoline prices paid by Navy prior to Apr. 1, and the prices now in effect.*

Delivery point.	Fuel oil.		Gasoline.	
	Prior to Apr. 1, per barrel.	Current prices, per barrel.	Prior to Apr. 1, per gallon, tank cars f. o. b. supplier's works.	Current prices, per gallon, tank car f. o. b. supplier's works.
<i>West coast.</i>				
Portland, Oreg.....	\$2.55	\$2.55	\$0.26	\$0.26
Seattle, Wash.....	2.55	2.55	.26	.26
San Francisco, Calif.....	2.00	2.00	.25	.25
San Pedro, Calif.....	2.00	2.00	.255	.255
San Diego, Calif.....	2.15	2.15	.255	.255
Pearl Harbor, Hawaii.....	2.85	2.85	.27	.27
<i>East coast.</i>				
Portsmouth, N. H.....			\$ .295	\$ .295
Boston, Mass.....	<sup>1</sup> 3.72	3.72	\$ .295	\$ .295
New York, N. Y.....	3.12-3.17	3.12-3.17	\$ .285	\$ .285
Philadelphia, Pa.....	3.185	3.185	\$ .265	\$ .265
Washington, D. C.....	3.27	3.27	.26	.26
Norfolk, Va.....	<sup>1</sup> 3.67	3.67	.26	.26
Charleston, S. C.....	<sup>1</sup> 3.57	3.57	.25	.25
Key West, Fla.....	<sup>1</sup> 3.47	3.47	.30	.30
Pearl Arthur, Tex.....	2.47	2.47	.23	.23

<sup>1</sup> Price delivered in cargo lots; other prices are for delivery f. o. b. supplier's works.

<sup>2</sup> Bulk.

*Statement showing the comparison between the Navy orders prices and contract prices Apr. 1, 1921, at the representative points.*

Point of delivery.	Average Navy order price f. o. b. mines prior to Apr. 1, 1921.	F. o. b. mines contract price subsequent to Apr. 1, 1921.	Average Navy order price delivered prior to Apr. 1, 1921.	Contract price delivered subsequent to Apr. 1, 1921.	Remarks.
New York, N. Y.....	\$4.37	<sup>1</sup> \$3.19	\$8.17	\$6.75	No award was made at New York owing to abandonment of Constable Hook, and contract price stated is lowest bid received for this point at opening, Mar. 4, 1921, for requirements submitted to Apr. 1, 1921.
Philadelphia, Pa.....	4.57	3.60	7.75	6.78	
Hampton Roads, Va...	4.42	3.36	7.22	6.16	
Washington, D. C.....	4.42	3.85	7.60	7.01	

<sup>1</sup> Bid.

Admiral POTTER. Then I have a steaming table which is very interesting and instructive, and I am informed nothing of this sort has been presented to this committee.

(Said table follows:)

*Statement of consumption of fuel of vessels of various types under certain speeds, etc.*

Name.	Class.	Fuel oil (42 gallons each) consumed per 24 hours at various speeds.	Con- sump- tion fuel oil (42 gallons each) per 24 hours at anchor.	Con- sump- tion fuel oil (42 gallons each) per 24 hours standing by.	Con- sump- tion fuel oil (42 gallons each) per 24 hours at navy yard (with boilers).
		<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>	<i>Barrels.</i>
Pennsylvania.....	Dreadnaught	15 knots, cruising speed..... 894 10 knots, economical speed.... 402 21 knots, maximum speed..... 2,971	120	230	40
Idaho.....	do.....	15 knots, cruising speed..... 1,103 10 knots, economical speed.... 594 21.5 knots, maximum speed... 3,086	114	228	38
Kennedy.....	Destroyer...	15 knots, cruising speed..... 224 13 knots, economical speed.... 173 10 knots..... 120 34 knots, maximum speed.... 2,180	25	57	14
Brooks.....	do.....	15 knots, cruising speed..... 209 13 knots, economical speed.... 186 10 knots..... 135 33 knots, maximum speed.... 1,760	25	57	14

Name.	Class.	Standard tons coal consumed per 24 hours at various speeds.	Con- sump- tion coal per 24 hours in port.		
		<i>Tons.</i>	<i>Tons.</i>		
Birmingham.....	Cruiser.....	15 knots, cruising speed..... 111.6 10 knots, economical speed.... 69.6 22 knots, maximum speed.... 318.8	12.5		
Chester.....	do.....	15 knots, cruising speed..... 136.8 10 knots, economical speed.... 86.4 22 knots, maximum speed.... 343.2	18.1		

Foregoing consumption figures abstracted from "Engineering Performances, 1920-1921."

#### INCREASE IN CONSUMPTION OF COAL.

The CHAIRMAN. How about the increase in the consumption of fuel this year as compared with former years?

Admiral POTTER. We did extensive cruising this year, as you know. We went to Peru and back again; the Pacific Fleet came down from California to Valparaiso; in fact, the Atlantic Fleet went half way to Valparaiso; we steamed half way to Valparaiso and back again in order to have maneuvers and in order to test out the various parts of the fleet. In the prior year we had only gone to Guantanamo.

The CHAIRMAN. Last year you only spent \$12,000,000.

Mr. REED. No; we had a deficiency in 1920 of about \$13,000,000. That was covered by that general legislation and that is the reason you do not have it, sir.

The CHAIRMAN. How much did you spend last year?

Mr. REED. About \$25,000,000.

The CHAIRMAN. And this year you are going to spend about \$36,600,000?

Mr. REED. Yes, sir. About \$5,000,000 of that difference between 1920 and 1921 is due to increased prices at the mines and increased transportation rates, and the other is due to a greater amount of steaming.

Admiral PEOPLES. There was a decided increase in the cost of coal this year, but it is falling away now; there has been a considerable reduction, from \$4.48 to \$3.36 a ton.

The CHAIRMAN. Since you made this estimate some of your ships have been tied up.

Admiral PEOPLES. The Chief of Naval Operations and the Secretary have agreed that the amount of steaming during May and June shall only be 50 per cent of what it was during March and April.

The CHAIRMAN. Then how much can this be reduced?

Admiral POTTER. That has been taken into consideration.

Mr. REED. That makes a saving of \$650,000 during the time the vessels will be tied up?

The CHAIRMAN. Can you not tie up some more of them?

Admiral POTTER. If the Secretary of the Navy so decides, it could be done, and I suppose that is a matter about which he would have to consult the State Department.

The CHAIRMAN. Is this appropriation requested for the purpose of laying in a supply of fuel for next year?

Admiral PEOPLES. No, sir.

Mr. REED. We carry fuel in the naval supply account and the appropriation is charged with the actual issues each year.

Admiral PEOPLES. It represents so many tons of coal and so many barrels of oil and gasoline.

#### FOR REFUND TO JAMES W. ELWELL & CO.

The CHAIRMAN. You ask that the following be carried in the bill:

For refund to James W. Elwell & Co., charterers of the U. S. S. *Sterling*, the excess freight charges collected from A. Iseline & Co. on 10,000 bags of coffee and 672 bags of castor beans, arriving in New York on September 25, 1918, which sum was turned over to the Navy and deposited in the Treasury to the credit of "Miscellaneous receipts," \$163.79.

Mr. REED. That was a commercial cargo, and under an arrangement with the Shipping Board we collected the freight and turned it into the Treasury as miscellaneous receipts. On final checking it was found that there was some shortage and that this company was entitled to a refund of that amount, but we could not pay it to them because we had turned the money into the Treasury.

#### FOR REIMBURSEMENT TO THE INTERNATIONAL MERCANTILE CO.

The CHAIRMAN. You are also asking for the following:

For reimbursement to the International Mercantile Co. for shortage in a shipment of green peas, cargo of the steamship *Harrisburg*, arriving at Liverpool, England, from New York, July 2, 1918, freight on the full amount of the shipment having been turned over to the Navy and deposited in the Treasury to the credit of "Miscellaneous receipts," \$121.52.

Mr. REED. That is exactly a similar case; that freight had been covered in before the claim was submitted.



FOR PAYMENT TO THE BOSTON POST AND THE BOSTON HERALD FOR  
ADVERTISING.

The CHAIRMAN. You are asking the following:

The Secretary of the Navy is authorized to pay from the appropriation "Pay, miscellaneous, 1920," the sum of \$42.30 to the Boston Post, and the sum of \$28.08 to the Boston Herald, both of Boston, Mass., for their services in advertising for employees for the United States Naval Hospital, Portsmouth, N. H., during the months of March and April, 1920.

Mr. REED. Those advertisements were inserted by the commanding officer of the naval hospital at Portsmouth at a time when he was having trouble in securing sufficient help.

The CHAIRMAN. And he had the advertisements inserted before he had the necessary approval?

Mr. REED. Yes; it was due to overlooking or not knowing the fact that it was necessary to get the Secretary's approval before the advertisements were inserted.

The CHAIRMAN. But the advertisements were carried in the newspapers and this is the regular rate?

Mr. REED. This is the official rate, yes, sir; the vouchers have been approved and it is in order to pay them that we are asking for this authority.

THURSDAY, MAY 5, 1921.

BUREAU OF YARDS AND DOCKS.

STATEMENTS OF REAR ADMIRAL CHARLES W. PARKS, CHIEF,  
BUREAU OF YARDS AND DOCKS; HON. JOHN J. FITZGERALD;  
AND MR. F. H. SCHOMBURG, VICE PRESIDENT, GEORGE  
LEARY CONSTRUCTION CO.

IMPROVEMENT AND EQUIPMENT OF NAVY YARDS.

The CHAIRMAN. You are asking for a deficiency appropriation of \$1,500,000 for improvement and equipment of navy yards. What improvements are contemplated under this estimate?

Admiral PARKS. Apparently there is a large deficiency, but just how much I do not know.

The CHAIRMAN. Do you mean that there is a large deficiency in the expenditures for this year?

Admiral PARKS. In the expenditures for the several years in which this appropriation has been running.

The CHAIRMAN. You have had no appropriation for this purpose since July, 1919?

Admiral PARKS. July 1, 1918, when we had \$10,000,000.

The CHAIRMAN. That was for the year ending June 30, 1919?

Admiral PARKS. Yes, sir; but it is a continuing appropriation.

The CHAIRMAN. You have had appropriations as follows: For 1917, \$6,000,000; for 1917-18, \$12,000,000; for 1918, \$1,570,000; and for 1919, \$10,000,000. Do you mean to say that you have expended all of that and still have outstanding obligations aggregating \$1,500,000?

Admiral PARKS. The report from Supplies and Accounts indicates

that. This money has been appropriated under the Secretary of the Navy, except, I think, the \$1,570,000 which was appropriated under the Bureau of Yards and Docks. Most of it was expended under the Bureau of Yards and Docks on allotment.

The CHAIRMAN. How much? Have you a statement of that?

Admiral PARKS. Not exactly, but I should say all but about \$3,000,000. I think two years ago you were shown that we had about \$12,000,000 balance. The explanation that I have secured from Supplies and Accounts is that the allotments were made against that appropriation by the Secretary, or the Chief of Operations, perhaps, but that is not at all definite just now, and not reported to the Bureau of Supplies and Accounts. It indicated that there was a balance of \$12,000,000, when, in fact, there was very little balance.

Since the submission of this estimate of \$1,500,000 I have been making an effort to find out what it is, and up to the present time I think I have something like \$1,440,000. I have not quite got the figures to show \$1,500,000 at this time. I have found another thing that indicates that that deficiency may exceed that amount: In December, 1917, the navy yards and stations, naval districts, and other shore establishments were notified that expenditures should not be made without allotments; that if the allotment should be insufficient, the bureau should be notified and an additional allotment secured, if the necessities were sufficient to require it. Last Friday I received a statement from one station that Supplies and Accounts was paying no attention to the Yards and Docks allotments, and that on that station it would require several weeks' work of clerks to set up the charges against the allotments that had been made to that place. After getting that information from the station I consulted Supplies and Accounts and found that the statement was more or less correct—that is, that it applied at some places. I then sent out a letter to all of the places where allotments were made to make a tabulation of their appropriation requisitions and deduct that amount from their allotments, if those appropriations had not at the several stations been charged against the allotments.

After my interview with Supplies and Accounts, that appeared to be the only thing that could be definitely located as the cause for the overcharges above the allotments. I have not had time yet to get the returns from the stations. That was somewhat of a surprise to me, in view of the fact that I had handled the accounting system for Pearl Harbor, where I did apply those appropriation requisition charges to the allotments, and I had no reason to know that they were not being carried that way at the other places. I found the reason, however, but that makes me believe that in spite of the \$1,500,000 that we are now asking, which is about 5 per cent of the total appropriation, there may be more before we get through. About six months ago I had, I believed, over \$700,000 balance, which was sufficient to carry all of the delayed work required under this appropriation, but that gradually disappeared, while I was making no new allotments that amounted to anything. Now, nominally I have an unallotted balance of about \$60,000, with expenditure reports showing nearly \$1,500,000 over-expended.

The CHAIRMAN. But, Admiral, would it be a safe plan to proceed to appropriate money in a deficiency appropriation bill on the basis of allotments only? If that were the case, you could come in here and ask for \$100,000,000 deficiency simply because you had allotted it.

Admiral PARKS. I would not allot more than I had appropriated.

The CHAIRMAN. But, apparently, you have.

Admiral PARKS. No, sir; I have not allotted it.

The CHAIRMAN. If you have not allotted it, then is the estimate for additional allotments you desire to make?

Admiral PARKS. No, sir; but for allotments to cover expenditures that have been made.

The CHAIRMAN. That is hardly the case. You have not made these expenditures yet.

Admiral PARKS. The Bureau of Supplies and Accounts reports indicates that the expenditures have been made.

The CHAIRMAN. Made before the allotments were made?

Admiral PARKS. Yes, sir.

The CHAIRMAN. That is a rather peculiar situation, is it not?

Admiral PARKS. I think so.

The CHAIRMAN. What right have any of the yards to make improvements that obligate the Government for large expenditures before you have allotted a certain part of the appropriation to make those improvements?

Admiral PARKS. I consider that they had no authority whatever to do that. Under this order of December 15, 1917, they had specific instructions as to how they should proceed. The accounting office has considered the allotments available for the labor rolls and material drawn out of Naval Supply fund. If a requisition on an appropriation has been approved, that is not given to the accounting officer at all, but that goes through the disbursing officer who charges the appropriation and makes no return to the accounting officer. That probably did happen, and I think that proper provision can be made to have it corrected in the future; but to avoid the trouble, from the time I discovered it, I instructed all the yards not to expend of their current allotments more than the balance existing in the amounts allotted with these appropriation expenditures deducted. Now, it may be too late to entirely stop the creation of the deficiency, but it will avoid it in the future.

The CHAIRMAN. Did you make any estimates in connection with the regular naval bill for additional funds?

Admiral PARKS. No, sir; it was supposed that we had enough.

The CHAIRMAN. And you do not know yet whether you actually have enough or not?

Admiral PARKS. I know that we have not enough.

The CHAIRMAN. But you do not know how much you will be short?

Admiral PARKS. I can not tell.

The CHAIRMAN. You do not know whether you will need a million and a half dollars or half a million dollars.

Admiral PARKS. It is in the neighborhood of a million and a half or more. The thing that is bothering me now is to know how much more it is. Since this \$1,500,000 was submitted I have given a good deal of attention to trying to locate it, and, as I have said, I have found all but about \$60,000 of it now.

The CHAIRMAN. Since 1917 you have had \$29,570,000, all told, for these improvements and for equipment in navy yards. Have you before you a statement showing by yards where the money is being expended and the purposes for which it has either been expended or obligated?

## DETAILS OF ESTIMATES.

Admiral PARKS. I have one showing where it has been expended. At Boston, for instance, the item for extension of building ways is \$16,820.61; for gallery in foundry, \$9,944.22; and for miscellaneous, \$16,738.85. The statement goes on, covering each of the items under Charleston, Corfu, Hampton Roads, Mare Island, Philadelphia, Portsmouth, Puget Sound, Yorktown, and the third district.

The CHAIRMAN. I wish you would supply that statement for the record.

Admiral PARKS. I will do so.

(The statement referred to is as follows:)

*Statement of appropriation "Improving and equipping navy yards for the construction of ships," Apr. 28, 1921.*

Station and project.	Estimated cost.	Amount allotted.	Balance required.	Over allotment.
<b>Boston:</b>				
Extension of building ways.....	\$16,820.61	\$16,820.61	.....	.....
Gallery in foundry.....	9,944.22	9,944.22	.....	.....
Miscellaneous.....	16,738.85	16,738.85	.....	.....
<b>Total.....</b>	<b>43,553.68</b>	<b>43,553.68</b>	.....	.....
<b>Charleston:</b>				
Destroyer ways and cranes.....	165,102.92	165,102.92	.....	.....
Pattern storage.....	93,297.50	93,297.50	.....	.....
Public works building.....	39,859.16	39,859.16	.....	.....
Machine-shop extension.....	24,492.96	24,492.96	.....	.....
Machinist-mate school.....	49,830.06	49,830.06	.....	.....
Miscellaneous.....	50,128.23	50,128.23	.....	.....
<b>Total.....</b>	<b>422,710.92</b>	<b>422,710.92</b>	.....	.....
<b>Corfu:</b>				
Two marine railways.....	23,167.00	23,167.00	.....	.....
Two portable buildings.....	4,257.70	4,257.70	.....	.....
Miscellaneous.....	.....	.....	.....	.....
<b>Total.....</b>	<b>27,424.70</b>	<b>27,424.70</b>	.....	.....
<b>Hampton Roads:</b>				
Sewer system.....	217,647.89	217,647.89	.....	.....
Dredging, contract 3513.....	1,253,294.02	1,255,000.00	.....	\$1,705.98
Submarine basin facilities.....	450,000.00	418,736.77	\$31,263.23	.....
292 projects.....	.....	.....	.....	.....
<b>Total.....</b>	<b>1,920,941.91</b>	<b>1,891,384.66</b>	<b>31,263.23</b>	<b>1,705.98</b>
<b>Mare Island:</b>				
Extension to building slips.....	125,000.00	125,000.00	.....	.....
Paint shop.....	80,527.91	80,527.91	.....	.....
Grading, paving, and railroad track.....	69,444.86	69,444.86	.....	.....
Second floor in building 47.....	30,000.00	30,000.00	.....	.....
Extension to machine shop.....	101,649.73	101,649.73	.....	.....
Miscellaneous.....	217,376.10	153,161.50	64,214.60	.....
Oxyacetylene plant.....	44,787.13	44,787.13	.....	.....
<b>Total.....</b>	<b>668,785.73</b>	<b>604,571.13</b>	<b>64,214.60</b>	.....
<b>New York:</b>				
Structural shop.....	1,436,795.76	1,438,156.22	.....	1,360.46
Shipbuilding slip No. 2.....	1,522,877.27	1,521,680.99	1,196.28	.....
Streets, tracks, and sewers.....	193,789.75	193,789.75	.....	.....
Steel storage and barge slip.....	147,520.18	137,160.18	10,360.00	.....
Demolishing buildings.....	111,792.83	111,792.83	.....	.....
Move buildings 121 and 122.....	61,134.96	61,134.96	.....	.....
Miscellaneous.....	6,022.63	6,022.63	.....	.....
C. and R. office building 6.....	36,541.69	36,541.69	.....	.....
Bulkhead handling ways 1.....	1,659,572.85	1,649,534.85	10,038.00	.....
Light machine and electric shop.....	985,834.08	985,834.08	.....	.....
Power plants and distributing systems.....	151,440.91	151,440.91	.....	.....
<b>Total.....</b>	<b>6,313,322.91</b>	<b>6,293,089.09</b>	<b>21,594.28</b>	<b>1,360.46</b>

Statement of appropriation "Improving and equipping navy yards for the construction of ships," Apr. 28, 1921—Continued.

Station and project.	Estimated cost.	Amount allotted.	Balance required.	Over allotment.
<b>Norfolk:</b>				
Structural shop.....	\$632,447.23	\$628,947.23	\$3,500.00	
Machine shop.....	876,896.66	876,896.66		
Foundry.....	806,122.79	796,399.18	9,723.61	
Shipbuilding slip No. 1.....	1,133,229.30	1,032,309.88	100,919.42	
Power plant and distributing system.....	1,578,313.94	1,578,313.94		
Fitting out pier.....	611,641.72	423,280.19	188,361.53	
Streets, tracks, and sewers.....	248,339.63	248,339.63		
Miscellaneous.....	15,830.04	15,830.04		
Oxyacetylene plant.....	63,820.96	63,820.96		
<b>Total.....</b>	<b>5,996,642.27</b>	<b>5,664,137.71</b>	<b>302,504.56</b>	
<b>Philadelphia:</b>				
Structural shop.....	1,917,019.53	1,917,019.53		
Foundry.....	1,131,219.13	1,131,219.13		
Machine shop.....	627,608.45	627,608.45		
Power plant.....	1,381,327.05	1,381,327.05		
Galvanizing plant.....	74,736.18	74,736.18		
Oxyacetylene plant.....	41,603.33	41,603.33		
Locker building No. 2.....	24,196.66	24,196.66		
Addition to boat shop.....	363,611.57	363,611.57		
Fitting out pier.....	833,572.21	832,313.81	1,258.40	
Shipbuilding slips 2 and 3.....	2,206,046.73	2,206,046.73		
Streets, tracks, and sewers.....	257,972.11	257,972.11		
Extension shipbuilding ways.....	449,818.73	449,818.73		
Bulkhead handling.....	202,450.17	202,450.17		
Reinforcing steel storage.....	251,320.26	251,320.26		
Quarters and mess, Pier D.....	46,792.24	46,792.24		
Miscellaneous.....	41,888.34	41,888.34		
<b>Total.....</b>	<b>9,851,182.69</b>	<b>9,849,924.29</b>	<b>1,258.40</b>	
<b>Portsmouth:</b>				
Ways for two submarines.....	146,113.37	146,113.37		
Pier for fitting-out slip.....	16,357.42	16,357.42		
Extension of industrial office building.....	85,106.44	85,106.44		
Machine-shop lean to.....	26,417.38	26,417.38		
Electrical and mechanical equipment.....	83,156.71	83,156.71		
Miscellaneous.....	61,847.70	61,847.70		
<b>Total.....</b>	<b>418,999.02</b>	<b>418,999.02</b>		
<b>Puget Sound:</b>				
Shipbuilding dock.....	837,781.99	835,781.99	2,000.00	
Four Hammerhead cranes.....	209,148.89	209,148.89		
Power extension.....	81,464.31	81,464.31		
Connecting machine-shop buildings.....	67,230.20	67,230.20		
Main street tunnel, and paving.....	67,472.72	67,472.72		
Miscellaneous.....	197,756.76	197,756.76		
Steel storage.....	128,521.15	128,521.15		
<b>Total.....</b>	<b>1,589,376.02</b>	<b>1,587,376.02</b>	<b>2,000.00</b>	
Yorktown, miscellaneous.....	1,000.00	1,000.00		
Third district, miscellaneous.....	250.00	250.00		
<b>Grand total.....</b>	<b>27,224,189.85</b>	<b>26,804,421.22</b>	<b>422,835.07</b>	<b>\$3,066.44</b>

The CHAIRMAN. What is the total?

Admiral PARKS. The total amount allotted is \$26,804,421.22, while the estimated cost is \$27,224,189.85, leaving, as the balance required, \$422,835.07, less an overallotment of \$3,066.44. There were several places where the allotment was a little larger than the cost.

The CHAIRMAN. If you have allotted only \$26,804,421.22, while the cost would amount to something over \$27,000,000, then it would appear that you still have a balance that you could allot of about \$2,000,000 of your appropriation already made.

Admiral PARKS. The reason for that is that certain parts of this fund have been used by the Bureaus of Construction and Repair and Engineering, but I do not have that in my record.

## STATEMENT OF ALLOTMENTS MADE.

The CHAIRMAN. Can you secure a statement of that for us and put it in the record; that is, a statement of how much has been used by the Bureau of Construction and Repair and the Bureau of Engineering?

Admiral PARKS. I think I can. The only thing I asked was: "Have you overexpended your allotment?" And both bureaus stated that they had not.

NOTE.—The statement referred to above is as follows:

Philadelphia Navy Yard (Construction and Repair and Engineering jointly).....	\$500, 000
Norfolk Navy Yard (Construction and Repair and Engineering jointly)....	300, 000
Puget Sound Navy Yard (Construction and Repair. \$244,000; Engineering. \$290,000).....	534, 000
Portsmouth (N. H.) Navy Yard (Engineering only).....	81, 300
Boston Navy Yard (Engineering only).....	25, 000
Charleston Navy Yard (Engineering only).....	160, 000
	<hr/>
	1, 800, 300

In addition to amounts shown above for Construction and Repair, the following amounts were used by Construction and Repair:

Portsmouth.....	\$28, 200
New York.....	500, 000
Philadelphia.....	500, 000
Norfolk.....	500, 000
	<hr/>
	1, 528, 200

The CHAIRMAN. How about these allotments? Have some of these allotments been made where the work has not been commenced, or, having been commenced, has proceeded only to a point where the work could be canceled and the allotments canceled?

Admiral PARKS. No; nearly all of them are practically completed, but some of them are not settled. The important thing in the construction of a battle cruiser, for instance, was the shore end of the structure; that is, the building ways. It was not desirable to put in the water work a long time before you needed to launch a ship, so that where \$1,500,000, perhaps, has been expended on building ways, it needs \$40,000, \$50,000, or \$100,000 more before a ship is launched to put in the launching ways. I believed I had available on my books the \$422,000 to do that work, but I have not; that is, I have it on my books, but on the expenditure reports it is gone.

The CHAIRMAN. What would be the objection to passing the matter in this bill until some future time when you have all of the facts and know just what you need to clean up this program?

Admiral PARKS. I am not sure we will know for two or three years.

The CHAIRMAN. Then you would not need the money for two or three years.

Admiral PARKS. But we have now gotten to a point where, in the Treasury Department, the balance is exhausted.

The CHAIRMAN. But the Navy Department never pays any attention to that. When an appropriation for a given service is exhausted that does not make any difference to the Navy Department.

Admiral PARKS. I would not like to be understood as fully agreeing with that.

The CHAIRMAN. But the facts abundantly bear out the statement that you simply draw on the general account of advances, and as long as that account is intact the Navy Department, or its bureaus, are not very much disturbed because there is a shortage in one of the appropriations.

Admiral PARKS. I would not like to have the Bureau of Yards and Docks included in the part of the department that does that. I have been giving a great deal of attention to avoiding that, and I believe the bureau is doing all it can under the present arrangements to avoid creating any deficiencies, but there are some things that are beyond its control in that matter.

ALLOTMENT OF APPROPRIATIONS FOR CONSTRUCTION OF ADDITIONAL  
TORPEDO BOAT DESTROYERS AND IMPROVING AND EQUIPPING NAVY  
YARDS FOR CONSTRUCTION OF SHIPS.

The CHAIRMAN. In 1917 you got an appropriation of \$350,000,000 for acquiring and providing facilities for the expeditious construction of additional torpedo boat destroyers, and for each and every purpose connected therewith, and toward their construction, to cost no more than that amount.

Admiral PARKS. About \$65,000,000 of that was allotted under our direction for improvements in private plants.

The CHAIRMAN. Is there any more that could be allotted?

Admiral PARKS. I have heard that under one bureau there is a balance and under two others there are deficiencies that may possibly combine to wipe out the available balance.

The CHAIRMAN. Have there been any allotments out of any of these appropriations, totaling \$29,570,000, that have not been expended and which can be canceled?

Admiral PARKS. No; I do not think there are any that can be canceled.

The CHAIRMAN. I wish you would put in the record a statement showing all of the allotments made from these appropriations, or any of them, the amounts allotted to each bureau and then the amount expended out of each of those allotments, as well as the amount obligated out of each of the allotments. I wish you would also put in the record a statement as to the amount expended out of the \$350,000,000 for torpedo boat destroyer construction, the amount allotted to other bureaus out of that appropriation, and the extent to which the allotments so made were expended.

Admiral PARKS. I will, of course, have to ask the Bureau of Supplies and Accounts to furnish that information.

The CHAIRMAN. I understand that, but possibly we can pick up something so that it will not be necessary now to make an additional appropriation for this purpose, that is, by combining some of the unexpended appropriations where allotments are not actually needed.

Admiral PARKS. It is quite possible that out of that appropriation that might be done.

## MEMORANDUM.

Subject: Appropriations "Increase of the Navy, torpedo-boat destroyers," and "Improving and equipping navy yards for construction of ships."  
Reference: Yards and Docks memorandum dated May 6, 1921.

1. Information as to allotments made under the appropriation "Increase of the Navy, torpedo-boat destroyers," was not furnished Supplies and Accounts, except an allotment of \$90,000,000 to the Bureau of Ordnance and a reallocation from this amount of \$2,760,000 to cover the cost of the torpedo assembly plant, Alexandria, Va. Record of these allotments and charges thereto have been maintained.

2. Supplies and Accounts was not advised as to any allotment from the appropriation "Improving and equipping navy yards for construction of ships" until long after expenditures had been incurred and recorded. The allotments, with the exception of the allotments authorized under the act of July 1, 1918, were not made in a systematic manner and when an attempt was made to keep a record of the allotments from the act of July 1, 1918, the charges thereto and expenditures were so involved with the charges incurred under the prior acts as to prevent accurate accounting for charges to these allotments without the expenditure of a great deal of time in ascertaining the allotment chargeable.

3. With the immense amount of work required in connection with the closing up the war expenditures, it was not believed that results would justify the expenditure of time required to straighten out these charges and recording expenditures by allotments was abandoned.

4. There is inclosed, herewith, two statements of each of the above-mentioned appropriations, statement No. 1, showing the amounts appropriated and allotted, and statement No. 2, showing expenditures and present outstanding obligations.

H. E. COLLINS,

*By direction of the Paymaster General.*

## STATEMENT NO. 1.

*Increase of the Navy—Torpedo-boat destroyers.*

Appropriation act:	Amount.
Urgent deficiency act, Oct. 6, 1917.....	\$225,000,000
Naval act July 1, 1918.....	125,000,000
<b>Total appropriations.....</b>	<b>350,000,000</b>
Allotted to Bureau of Ordnance, 1917.....	90,000,000
<b>Amount remaining for expenditure by bureaus other than ordnance.....</b>	<b>260,000,000</b>

## STATEMENT NO. 2.

*Increase of the Navy, torpedo-boat destroyers—Ordnance allotment.*

Allotted.....	\$90,000,000.00
Reallotted for torpedo factory, Alexandria, Va.....	2,760,000.00
<b>Net.....</b>	<b>87,230,000.00</b>
Expended to Mar. 31, 1921.....	38,925,957.32
<b>Unexpended balance.....</b>	<b>48,304,042.68</b>
Outstanding obligations (requisitions and contracts) and allotments to navy yards, Mar. 31, 1921.....	3,849,389.65
<b>Available balance.....</b>	<b>44,454,653.03</b>

*Ordnance allotment reallotted for torpedo factory, Alexandria, Va.*

Allotted.....	\$2,760,000.00
Expended to Mar. 31, 1921.....	2,540,557.12
<b>Unexpended balance, Mar. 31, 1921.....</b>	<b>219,442.88</b>
Outstanding obligations (requisitions and contracts) and allotments to yards.....	64,922.39
<b>Available balance.....</b>	<b>154,520.49</b>



*Increase of the Navy, torpedo boat destroyers—Allotment for bureaus other than Ordnance.*

Appropriated.....	\$260,000,000.00
Expended to Mar. 31, 1921.....	274,467,623.05
Overexpenditure.....	14,467,623.05
Outstanding obligations (requisitions and contracts) and allotments to navy yards, Mar. 31, 1921.....	13,581,694.10
Indicated deficit.....	28,049,217.15

## SUMMARY OF THE APPROPRIATION, INCREASE OF THE NAVY, TORPEDO BOAT DESTROYERS.

Available balance, Bureau of Ordnance allotment.....	\$44,454,653.03
Available balance, Alexandria, Va., allotment.....	154,520.49
Total available balance.....	44,609,173.52
Less indicated deficit, bureaus other than Ordnance.....	28,049,217.15
Indicated available balance for all allotments.....	16,559,956.37

## STATEMENT OF PORTION OF APPROPRIATION 445, "INCREASE OF THE NAVY, TORPEDO-BOAT DESTROYERS," UNDER THE COGNIZANCE OF THE BUREAU OF YARDS AND DOCKS.

*Allotments made to the Bureau of Yards and Docks by the Bureau of Ordnance.*

Aug. 28, 1918.....	\$500,000.00
Sept. 12, 1918.....	660,000.00
Feb. 7, 1919.....	86,537.65
May 17, 1919.....	55,000.00
July 24, 1919.....	3,000.00
July 31, 1919.....	8,500.00
Oct. 17, 1919.....	4,500.00
Nov. 15, 1919.....	25,000.00
Dec. 8, 1919.....	14,105.00
Mar. 23, 1920.....	19,895.00
Sept. 4, 1920.....	<sup>1</sup> 13,000.00
Sept. 23, 1920.....	5,000.00
	1,381,537.65
Amount allotted by the Bureau of Yards and Docks for Torpedo Assembly Plant, Alexandria, Va.....	1,334,232.61
Unallotted balance required for authorized work.....	47,305.04
Total funds at the disposal of the Bureau of Yards and Docks.....	1,381,537.65
Amount actually expended to May 1, 1921.....	1,322,363.61
Unexpended balance required for outstanding obligations and authorized work.....	59,174.04

## STATEMENT NO. 1.

*Improving and equipping navy yards for construction of ships.*

Appropriation act:	Amount.
Act Aug. 29, 1916.....	\$6,000,000
Act Mar. 4, 1917.....	12,000,000
Act Mar. 28, 1918.....	1,570,000
Act July 1, 1918.....	10,000,000
Total appropriations.....	29,570,000

<sup>1</sup> This amount is not included in the total as it is proposed to return it to the Bureau of Ordnance.

Records of S. and A. show that the following allotments were made:

Apr. 20, 1917, to navy yard, Norfolk, Va.....	\$5,225,000
Apr. 20, 1917, to navy yard, Philadelphia, Pa.....	6,500,000
Apr. 23, 1917, to navy yard, Puget Sound, Wash.....	2,000,000
Feb. 2, 1917—Dept. No. 7940-369—to navy yard, Portsmouth, N. H.....	50,000

(For Bureau of Engineering for machine tools.)

To Bureau of Yards and Docks.....	34,000
To Bureau of Construction and Repair.....	11,000

Under date of November 1, 1918, a board appointed by the Secretary, recommended allotments from the \$10,000,000, appropriated by the act July 1, 1918, as follows:

Base No. 25.....	\$80,000
Hampton Roads, Va.....	2,000,000
Boston, Mass.....	500,000
New York, N. Y.....	3,000,000
Philadelphia, Pa.....	3,100,000
Norfolk, Va.....	800,000
Mare Island, Calif.....	250,000
Puget Sound, Wash.....	250,000
Total.....	9,980,000

Amounts were set up in the records of S. and A. for these allotments, but owing to the fact that the amount appropriated by this act was accounted for under the same heading as the amounts appropriated by the three prior acts, expenditures could not be allocated to the various allotments from the reports received. Due to the lack of clerical force to ascertain the allotment to be charged, the accounting for expenditures by allotments had to be abandoned and all charges were combined under the appropriation as a whole.

#### STATEMENT NO. 2.

##### *Improving and equipping navy yards for construction of ships.*

Amount appropriated.....	\$29,570,000.00
Expended to Mar. 31, 1921.....	30,585,083.96
Overexpenditure.....	1,015,083.96
Outstanding obligations (requisitions and contracts) Mar. 31, 1921....	560,573.54
Indicated deficit.....	1,575,657.50

#### UNEXPENDED BALANCE OF APPROPRIATION FOR IMPROVEMENT AND EQUIPMENT OF NAVY YARDS.

The CHAIRMAN. What is the state of your balance, as far as your books are concerned, out of the appropriation of \$29,570,000?

Admiral PARKS. Approximately \$60,000 unobligated.

The CHAIRMAN. And how much unexpended? What is your cash balance?

Admiral PARKS. I can not tell that; I can not get returns early enough to answer that question.

The CHAIRMAN. You are apt to have a considerable sum to your credit, several million dollars.

Admiral PARKS. Oh, no; not as much as that, because most of that is practically finished. It is very largely a matter of settling accounts, but the accounting department has been short of proper people to take care of their work, and returns are quite delayed in certain cases. I settled one contract two weeks ago, the work under which had been completed in October, 1918. I supposed I knew the state of the accounts, but something occurred to make me question that. I was car-

rying a counter claim against the contractor of a little over \$18,000 and I asked the yard to check that, with the result that they said I was \$2,000 or more high; that the final returns had just been received from the accounting office. That was about two or three weeks ago.

Now, if we must wait that long for the returns I can not know promptly, but I think by the method I have begun to keep them within their allotments I will be able to know what they are after this. I have monthly reports, in the form of cards, made on all of the allotments, and among other things I ask as to the percentage of money expended. In order that I may have a report soon after the end of the month it has been necessary to tell the stations to make that approximate, that is, not wait for the actual returns from the accounting office. At Puget Sound, from recent information, it is probable that I can not get a correct statement as to April expenditures until next July, on account of the shortage of people in the accounting office. So that these are approximate in this particular case.

The CHAIRMAN. When you get an appropriation I should think that you would set up an account in your office, and than opposite would be set up the details of every allotment, so that when your appropriation was expended in allotments your work of allotting out of that appropriation would stop until Congress acted again.

Admiral PARKS. That is what I have, but that is only a memorandum account, and I am only permitted to keep memorandum accounts.

The CHAIRMAN. I should think you would be permitted to keep more than memorandum accounts, and I do not see how you can possibly keep your expenditures within the appropriations unless you have some system of that kind, which would be controlling.

Admiral PARKS. I have the system; I know when I have a balance, and according to my allotment account I know whether I can grant an allotment.

The CHAIRMAN. But you do not know when you are over allotted?

Admiral PARKS. Yes; I know when I am over allotted, and I am not over allotted, but I do not know when I have been over expended without my authority. That is the thing that makes it a question as to whether a bureau can be considered to be responsible for its expenditures or not unless it can control its expenditures. I do not see how under the sun it can be held responsible unless it has that control.

The CHAIRMAN. I do not think so either, and I think you should be so circumstanced that you could absolutely control those under you and hold their expenditures down to the amount allotted. If they were given to understand that fact, then they would not, out of an allotment you make for a given purpose, say \$1,000,000, turn around and proceed to lay out the work and expend \$1,500,000 out of their allotment of \$1,000,000.

Admiral PARKS. I do not think they ordinarily would.

The CHAIRMAN. But they have, according to this statement.

Admiral PARKS. Of course, a matter of 5 per cent is not unreasonable with the changing prices.

The CHAIRMAN. But the 5 per cent ought to be the other way.

Admiral PARKS. It ought to be the other way if we were doing the work at present, but the work was done in 1917, 1918, and 1919.

Mr. BYRNS. Is there any reason why they could not notify you when it was necessary to withdraw the allotment?

Admiral PARKS. No; except for this fact, that I have just discovered that disbursing officer accounts have not been taken up in the accounting office and charged against these allotments; they have been charged directly against the appropriation.

The CHAIRMAN. But there ought to be a factor of safety in your allotment so that you would have something to fall back on if the expenditures overrun the allotment. In that event you would have a surplus fund to which you could go.

Admiral PARKS. That is the shape in which we attempt to keep the appropriations, that is, our allotments from the appropriations, and these monthly reports are expected to keep us fairly well informed as to how the expenditures are going. I gave you one item only, the percentage of money expended, but there is another one, percentage of material delivered, and then another one, percentage of work in place. From those three I get a fair idea of how the job is going on.

The CHAIRMAN. Do you want to say anything further on this item?

Admiral PARKS. I do not think there is anything more on that right now.

#### NAVY YARD, NORFOLK, VA., DRY DOCK AND ACCESSORIES.

#### FOR PAYMENT TO THE GEORGE LEARY CONSTRUCTION CO. AND THE GIANT PORTLAND CEMENT CO.

The CHAIRMAN. You are asking that the following be carried in the bill:

Navy yard, Norfolk, Virginia: For dry dock and accessories: To enable the Secretary of the Navy to pay the George Leary Construction Company the sum of \$300,000 under contract numbered 2258, and changes thereto, for completion of dry dock numbered 4, being profit to the George Leary Construction Company for the construction of said dry dock, and \$75,517.94 to the Giant Portland Cement Company, subcontractor, for loss sustained by it on cement furnished for this work, as shown by certificate of audit of said subcontractor's books; payment to the George Leary Construction Company to be made only after that company shall have executed an unqualified release covering all claims that may arise out of said contract, \$375,517.94.

While we have had a statement from you before with regard to this item, the personnel of this committee has changed somewhat and the personnel of Congress has changed so materially that I think we should have in the record a complete statement with reference to the matter.

#### CONTRACT WITH GEORGE LEARY CONSTRUCTION CO.

Admiral PARKS. A contract was entered into with the George Leary Construction Co. for the construction of the main part of a dry dock at the Norfolk Navy Yard; other items, such as a pumping plant, caissons, motor generator, elevator, etc., were under other contracts. The obligation under the contract with the George Leary Construction Co. amounts to \$3,656,749.22. The cost of the sand, gravel, freight, and demurrage on the same was \$388,977, and that should be added to the above to determine the cost of that part of the dock carried out under the Leary contract.

The dock was under construction at the time when we had taken over some vessels that were too long to be docked in any docks on the coast of the United States, and it was particularly important to secure a dock as early as possible. In view of these conditions every effort was made to expedite the construction of this dock at the Norfolk Navy Yard. The project was given preference in the matter of allotment of labor, rates of pay, and the contractor was further urged, by an agreement of bonus, to expedite the work. It was further understood between the then Assistant Secretary of the Navy and the contractor that steps would be taken to secure to him his costs and a profit of \$300,000, as appears in former records. That \$300,000 applied to the \$4,000,000 cost of the work that he carried out, and is approximately 7 per cent. At the time Congress made an appropriation to cover the costs to the contractor it had before it figures that included certain items eliminated by the comptroller when the final settlement of cost was made. The result is that the \$300,000 is not clear profit, but covers not only the profit but such items of interest, and other things of that kind, as were not included in the comptroller's settlement. The probability is that the net profit will not be more than 6 per cent, and possibly somewhat less than that, if a \$300,000 profit is appropriated in the form submitted by the department, and a 6 per cent profit is not considered by the Bureau of Yards and Docks to be an excessive profit on a contract of this kind desired, as it was, for early completion.

Now, under the bonus proposition the contractor had earned and been paid \$167,500, which, under the settlement now made, has been taken away from him and applied to the losses, so that as it stands to-day he has been paid for the cost of the dock, excepting the amount claimed by the cement contractor as a loss and possible losses sustained by the lumber and granite contractors.

Mr. BYRNS. Did the contract call for a flat profit of \$300,000 or was it on a percentage basis?

Admiral PARKS. It was on a unit price basis; it had no provision for profit as profit, but there was a unit, say, of a yard of a certain kind of concrete for so much money, and then the number of yards of concrete of that kind put in was paid for at that rate.

Mr. BYRNS. Out of which he was expected to get his profit?

Admiral PARKS. His profit, overhead expenses, and every expense connected with the job.

The CHAIRMAN. That was the original contract?

Admiral PARKS. Yes.

The CHAIRMAN. When was that made?

Mr. SCHOMBURG. The bids were opened in October of 1916 and the contract executed about November 6, 1916.

#### MODIFICATION OF CONTRACT.

The CHAIRMAN. What was the occasion for a modification of that contract?

Admiral PARKS. Changes in conditions under which the work was being done and the necessity of getting something for the docking of the *Leviathan* on this side.

The CHAIRMAN. During the war?

Admiral PARKS. Yes.

The CHAIRMAN. What time limit was set in the original contract for final completion?

Mr. SCHOMBURG. It was to be finished late in 1919 and it was finished early in 1919, and the Navy board allowed a bonus of \$167,500, although we claimed \$300,000.

The CHAIRMAN. Did the original contract provide that you should construct the dock in 22 months?

Mr. SCHOMBURG. I do not know the exact time but it was in the latter part of 1919 and we finished early in 1919.

The CHAIRMAN. When we got into the war then it was thought by the Navy Department that it was necessary to complete this dry dock at an earlier date.

Admiral PARKS. It seemed to be the one that was most promising for rapid construction and early completion; the foundation conditions were better there than at other places and it appeared possible to secure much earlier completion of the dock in that place than any other under construction.

The CHAIRMAN. Then the Navy Department took up with the contractor the proposition of speeding up the work so that he could deliver the dock at an earlier date?

Admiral PARKS. That was it.

The CHAIRMAN. And the contract was modified along the lines you have suggested?

Admiral PARKS. It was.

The CHAIRMAN. Was that contract formally executed?

Admiral PARKS. The bonus or supplemental agreement was executed.

The CHAIRMAN. Well, if it was formally executed in accordance with the provisions of law, why was not the amount paid?

Admiral PARKS. It was paid, but in the action taken by Congress it was apparently deducted from his excess costs; it was used in connection with the appropriation made by Congress to cover the excess costs.

The CHAIRMAN. My recollection is that at the former hearing, when this matter was presented, it was explained that the contract had not been formally executed in accordance with law, and, therefore, it would take an additional appropriation because it was not authorized by law.

Admiral PARKS. That was on the profit part, I think. I do not think there was anything except a verbal understanding between the Assistant Secretary and the contractor as to the profit proposition.

The CHAIRMAN. With regard to the profit?

Admiral PARKS. Yes.

#### BONUS PROVISION.

The CHAIRMAN. Well, that was the bonus provision.

Admiral PARKS. No; the bonus provision was different.

The CHAIRMAN. In what respect was it different? The bonus provision took care of the profit, did it not?

Admiral PARKS. The bonus might or might not be a profit. If one is given a bonus to expedite, the assumption is that he is going to

make additional expenditures to expedite and that the bonus includes those additional expenditures.

The CHAIRMAN. I may be mistaken, but my recollection is that when this matter was explained before it was stated that this contract was made on the basis of a unit price; that when we got into war the Navy Department wanted this dry dock at an earlier date and urged the contractor to put on two or three shifts a day and speed up the work; that in consideration of his agreeing to do that he entered into a supplemental agreement but which supplemental agreement was not reduced to writing and signed as required by law at the time, but that the final execution of it was postponed; that in consideration of speeding up, the Navy Department agreed to pay a bonus of 10 per cent, which would be over all costs—is that correct?

Admiral PARKS. That is not quite correct; the bonus was so much a day for so many days saved, another rate for so many other days, and still a third rate for other days. It was an amount per day.

The CHAIRMAN. And if that agreement was carried out just how much is still owing to the contractor?

Admiral PARKS. \$167,500 under that bonus agreement.

The CHAIRMAN. Then where do you get the other \$135,000?

Admiral PARKS. That is the rest of the \$300,000 profit; that is now being considered as a part of the profit, having been used by the last congressional action as a part of the excess cost.

#### LETTER OF ASSISTANT SECRETARY ROOSEVELT.

Mr. SCHOMBURG. When Mr. Roosevelt arranged with us for the prompt completion of this dry dock, on account of the great war emergency, he said, "It appears as though you are earning a bonus of \$300,000, and we will see to it that we pay you that, either as bonus or profit." Now, we did earn as a bonus \$167,500, which this committee took away from us about a year ago. In order to make good the \$300,000 which was to be bonus and profit combined, or bonus alone or profit alone, there is still due us \$132,500, as more fully set forth in Mr. Roosevelt's letter, which is on file in the record of the earlier hearing, and I have that letter right here. This is the letter, Mr. Chairman.

The CHAIRMAN. I will read this into the record, so that we may refresh our recollection:

NAVY DEPARTMENT,  
Washington, July 11, 1919.

GENTLEMEN: During the month of December, 1917, you brought to my attention the great increase which you had been forced to pay for labor and your difficulty in obtaining materials on your contract 2258 with the Bureau of Yards and Docks for Dry Dock No. 4 at the Norfolk Navy Yard. It was of vital importance for the prosecution of the war that the work on this dock should be prosecuted without interruption and that it should be delivered to the department for use at the earliest practicable moment. This was especially true in reference to the U. S. S. *Leviathan*, which could not be docked anywhere in the United States until the new Norfolk dock was completed.

Prior to this interview the department, by change F, dated May 8, 1917, had agreed to pay a certain bonus for the completion of the dock in advance of the date fixed in the contract.

In view of the exigency of the case and the equities in your favor, you were then orally assured that the department would not only see that you made no loss upon the contract, but that, if you prosecuted the work diligently so as to earn a bonus under the change mentioned above, such bonus should not be taken into account in deter-

mining whether or not a loss had been incurred, but should stand as a net profit to your company. But it was then thought that the work would be completed within such time as would entitle you to a bonus of \$300,000, which it was considered would be a fair profit under the circumstances. Difficulties have arisen, however, which, without fault of the contractor, have reduced this bonus to \$167,500.

The contract having been practically completed, the department feels that it should in justice place the oral assurance on record by means of this letter. According to the statement submitted by you, which statement is subject to audit and verification, it appears that your books show a loss under the contract.

The department is therefore prepared to submit the whole matter to Congress and ask for a deficiency appropriation to the extent of your definitely ascertained loss in accordance with the oral assurance above mentioned, and also fully state the circumstances and the expectations as to probable profit by way of bonus which were held by all parties to the conference and which were as above described.

Very respectfully,

F. D. ROOSEVELT,  
*Acting Secretary.*

GEORGE LEARY CONSTRUCTION CO.,  
17 State Street, New York City.

Mr. BYRNS. I do not myself exactly understand. This is not a loss incurred, but rather a loss of profit, and, as I understand now, the profit was to be secured from the unit price which was fixed by the department with the construction company.

Admiral PARKS. In the original contract.

Mr. BYRNS. As I understand, that full amount has been paid.

Admiral PARKS. It has, but the contract was modified.

Mr. BYRNS. When it was modified, the department, appreciating the fact that the construction company would possibly derive no profit, as was expected when the original contract was made, entered into this bonus provision which amounted, as you have stated, to \$167,500?

Admiral PARKS. Yes, sir.

Mr. BYRNS. I am at a loss to know where the \$135,000, which is denominated as profit, arises in excess of the actual amount of the bonus.

Admiral PARKS. The bonus was taken away to cover all losses.

Mr. BYRNS. I understand.

Admiral PARKS. So that they are without the bonus now.

Mr. BYRNS. I understand they are without the bonus, and to meet the agreement as to the bonus it would be necessary to pay the company \$167,500, but the difficulty in my mind is to know just what gives rise to the difference between \$167,500 and \$300,000, which is asked.

Admiral PARKS. It arises from the statement by the former Acting Secretary relative to a profit of \$300,000, whether by bonus or as a direct profit. That is in his letter and in that letter he states it was expected that it would enable the contractor to earn a bonus of approximately \$300,000.

STATEMENT OF SECRETARY ROOSEVELT ON SECOND DEFICIENCY BILL,  
1920.

Mr. FITZGERALD. I would like to put in the record at this point Mr. Roosevelt's statement on the second deficiency appropriation for 1920:

Finally, two supplemental agreements were entered into with the contractor by which, in a nutshell, he was told that he would be reimbursed for the increased cost



of labor and the increased cost of material. The matter of his bonus or profit was held in abeyance. Under the original contract he had two ways of making a profit: First, on the definite amount of the contract; and, secondly, as a matter of bonus, which could have been run up to as high as \$300,000 for the completion of the dock ahead of time. By this supplemental agreement the bonus was wiped out entirely and he was told verbally that the Government felt, or the department felt, that if he could finish this dock quickly, or ahead of time, and if he could build it right and give it to us for naval use, we would do our best to get some kind of profit for him. He said, "How much profit?" The original contract was about \$350,000.

That is in error; the amount was \$3,500,000.

And I told the contractor that in my judgment I thought that if he could give us this dock from six months to a year ahead of contract time he would be entitled to a profit on the whole thing of about \$300,000.

The CHAIRMAN. But he did not give it to the Navy Department a year ahead of time?

Mr. FITZGERALD. Seven months ahead of time.

Mr. SCHOMBERG. And Mr. Roosevelt said the delays were not caused by us.

Mr. FITZGERALD. The board which inquired into the bonus reported that a bonus of \$300,000 would have been earned had it not been for delays, for which the contractor was not responsible.

The CHAIRMAN. Then I suppose it can be stated about like this: You first had a contract for a unit price; that contract was modified by a contract that provided for a bonus under which he would be entitled, if it were carried out, to \$167,500; then subsequent to that time the Secretary, or Acting Secretary, desired still further speeding up, and in order to induce him to speed up he said to him, "If you will complete this dry dock a year ahead of time we will see to it that your total bonus or profit," or whatever it is called, "will net you \$300,000." Is that correct?

Mr. FITZGERALD. What happened is this: In these conferences they were assured that they would be given a profit of \$300,000 and that they would be given in addition a bonus of whatever amount they could earn in finishing the dock ahead of time. In subsequent conferences the Secretary said that was a misunderstanding, that the intent was to give them a profit—which would include any bonus they would earn—of not exceeding \$300,000. That is how the confusion came about. The intent was, first, to give them \$300,000, because the Navy Department was making contracts at that time by which they allowed contractors a profit of 10 per cent on their expenditures. Then it was felt that there was great necessity for getting this very quickly, and they said, "We will give you a bonus in addition to your profit." Then it was estimated that that might result in a profit in excess of 10 per cent and at subsequent conferences they said, "Whatever bonus you can earn for finishing ahead of time will be included in the profit and will not exceed \$300,000." It became a little confused, because of the fact that these conferences were held, the work went on, and the results of the conferences were not reduced to writing. The letter of the Secretary was written some time after the work was finished, so that there might be a record of what the understanding was.

Mr. BUCHANAN. Where is the report of the board which made the investigation?

Mr. FITZGERALD. Have you that report, Admiral?

Admiral PARKS. It was not a report made after an investigation, but it was a report as to the completion of the dry dock.

Mr. BUCHANAN. Where is the report?

Admiral PARKS. The report is in the Bureau of Yards and Docks, I believe. It is the final report of the board.

The CHAIRMAN. Admiral, you have stated that in the final adjustment and settlement that we made in the deficiency bill, of \$451,047.30, certain items of legitimate expense were excluded, such as interest. Do you know what those items are and the amount that was excluded?

Admiral PARKS. I have not had the different amounts given me; all I have is the amount that the comptroller paid—\$183,609.31.

AMOUNT RECEIVED FROM APPROPRIATION MADE IN SECOND DEFICIENCY BILL OF 1920.

Mr. SCHOMBURG. You appropriated \$208,000 and we got \$183,000.

Mr. FITZGERALD. Of the \$451,000 only \$208,000 was on this account.

Mr. SCHOMBURG. The Comptroller of the Treasury deducted interest and certain other items; he stated that the Government never allowed any interest in making settlements, but, of course, we have lost that money.

Mr. BUCHANAN. How much did you receive?

Admiral PARKS. \$183,609.31.

Mr. SCHOMBURG. Congress appropriated to us, subject to the findings of the Treasury, \$208,000, and the comptroller in his findings made reductions of interest and certain other items which made it \$183,609.31.

Mr. FITZGERALD. The appropriation was \$451,000, but the estimate was \$751,000; they deducted the \$300,000, and then there were included not only the amount that was estimated to cover the contractor, but some items of the bureau itself, and they were all included in the one appropriation.

Mr. SCHOMBURG. I do not know that that has been made clear to the chairman. There was appropriated for us \$208,000, and we actually got \$183,000, the comptroller having made deductions which he said the Government did not allow.

Mr. FITZGERALD. The total loss to contractor, as shown by the audit, is \$376,062.02; the amount of the profit, \$300,000; and the amount of bonus paid, \$167,500, leaving a balance of \$132,500. The total estimate was \$751,047.30; the committee deducted \$300,000 and appropriated \$451,047.30, and put in a provision, without profit to the contractor, so that the \$167,500, which had previously been paid to him, was charged against the actual cost of the work, and then the difference between the actual cost and the amount actually received was paid to him, and in the adjustment, as a result of the audit, the amount paid was one hundred and eighty-three thousand and some odd dollars.

The CHAIRMAN. Mr. Fitzgerald, do you recall the items that were excluded by the comptroller as not being legitimate items of cost?

Mr. FITZGERALD. One item was an item of interest upon the amount expended by the contractor in excess of what he had received. He asked for interest on his money.

The CHAIRMAN. Do you remember how much that was?

Mr. SCHOMBURG. I think that was about \$14,000.

Mr. FITZGERALD. I do not recall the exact amount, and I do not recall the other items. There was deducted, all told, about \$25,000.

The CHAIRMAN. At about this time Congress was also making appropriations to pay losses sustained by contractors on public buildings where the contracts were entered into prior to the war but where the work was done during the war and at a much higher expenditure for all items, both labor and material, than was contemplated. In that legislation we carried a provision that it covered all losses sustained exclusive of profits, and I think in those settlements items of interest, where a contractor was compelled to borrow money to pay for material and to pay for labor as the work proceeded, were allowed.

Mr. FITZGERALD. But here they were excluded.

Mr. SCHOMBURG. We did not borrow any actual money.

The CHAIRMAN. You did not borrow any money, so you were not out any actual money.

Mr. SCHOMBURG. But we were out of the use of it.

Mr. FITZGERALD. If he had not had the capital he would have had to borrow it. But a situation entered into this that did not enter into these other enterprises. This dock was being built within the navy yard at Norfolk; after we entered the war the Government started very extensive improvements in the navy yard and near the district, and the least desirable work in the whole district was that of working behind this cofferdam, so that labor, which was in great demand, went to the other works that were under way. The Government fixed the price of labor and the contractor had no choice about what he would pay; he was working within the navy yard and he had to pay the scale fixed by the Government for work in that district, and that left him without any resource at all; he simply had to pay whatever the Government fixed. Now, that did not occur in a great many places. If a building were being erected at some place there was not the situation of a limited labor market and a tremendous demand by the Government for labor for necessary work, and in this district, when the Government fixed the labor price, there was nothing for the contractor to do but to pay that price and take whatever labor he could get. He got the least desirable labor because here the work was being done inside of a cofferdam, and the fear of the river breaking in made it a less desirable occupation than any other public works in that district.

Mr. SCHOMBURG. So that the members of the committee may understand, here we have this immense hole, about 1,300 feet in length, about 500 feet wide, and from 72 to 75 feet deep, right at the edge of the river. At the beginning of the work we had an expert organization. On that kind of work it takes a man some time to become acclimated and not to fear going down into this immense hole. When the war came on men could go anywhere on other Government work, and then when the labor supply department of the Government began operating they brought men on from the west to do work for us, and when they would come there and look down this immense hole they were very timid and we would get no production out of them for perhaps a week or 10 days, and then they would go somewhere else. Those were some of our problems, but in spite of them we

were that much ahead of the contract time and earned this bonus of \$167,500.

Mr. BYRNS. I remember that the same question occurred at my home, where they were in process of erecting an addition to the post office, involving about \$400,000 or \$500,000, and the contracts were made before the war. After we entered the war the Government decided to put up a powder plant and actually spent \$83,500,000. Now, the contractors on this building claimed they had been required to pay twice as much for their labor, or even more, on account of the competition they had at the powder plant, than they otherwise would have had to pay, and, of course, they sustained a loss, due to the fact that the Government was paying a high price for its labor at the powder plant, and everybody in the whole country could get a job there if he wanted it. They had to meet those conditions and Congress, as has been stated by the chairman, made an appropriation to satisfy the losses incurred by the contractors on buildings similarly situated. It is possible these contractors might have made some profit if it had not been for the fact that the Government had started this big enterprise within a few miles of Nashville, but all the Government did do was to make good their losses.

Mr. FITZGERALD. But here was something that was considered a war necessity, and the contractor, under agreement with the department, worked two shifts and went to large expense in order to get this dock constructed so that the Navy might have the use of it, and he did that upon the understanding that he would get a profit of \$300,000.

Mr. SCHOMBURG. Bonus or profit.

Mr. FITZGERALD. One thing or the other, and he did that; he did what they wanted him to do and he relied upon the assurance of the Navy Department that that would be the result if he delivered this dock ahead of time. The Boston dock was started three years before this dock and finished one year after it.

Mr. BYRNS. Of course, if there was an agreement or understanding reached between the construction company and the department that he should have \$300,000, that is a different question.

Mr. FITZGERALD. He might have gone along on his one shift and waited to see what would happen, and not delivered the dock.

Mr. BYRNS. But he would not have gotten any bonus under those circumstances.

Mr. SCHOMBURG. We might have gotten more profit. May I quote a few words from what Mr. Roosevelt said at the last hearing?

In this particular case the completion of this dock was considered one of the most important things that we actually had.

That is, the Navy Department. I think this dock is in a class by itself; it was of supreme importance to get this dock, and Mr. Roosevelt agreed that we should have a profit of \$300,000; that was the agreement. He said, "Whatever bonus you get, if it is not \$300,000, we will make it good," but he did not have the money to make it good when we finished the dock ahead of time.

The CHAIRMAN. I can see quite a distinction between these two supplemental contracts. I can see where the first one rests upon very sound business judgment, but I do not see that as to the third contract. After you had a contract to deliver this dry dock in 22

months we got into the war and the Secretary of the Navy determined that he must have this dry dock because we did not have a dry dock on the Atlantic coast which could take the larger vessels. Then he made a contract with you by which you were to get a certain bonus if you would speed up; that eliminated at once all chances of loss on your part; no matter where labor and material went. You commenced under that arrangement, and you were speeding up, and it was your duty to speed up just as fast as possible, and that was your consideration; it amounted to \$167,500. But I do not understand what consideration moved from you to the Government for the third contract, under which you are now claiming \$132,500.

Mr. SCHOMBURG. Because of the delays over which, as Mr. Roosevelt said, we had no control, and in connection with which Admiral Harris, of the Norfolk Navy Yard, recommended to the Bureau of Yards and Docks that we were entitled to something in excess of \$300,000; but the board of the Bureau of Yards and Docks in its findings put aside any question of delays beyond our control and allowed \$167,500. Yet Mr. Roosevelt, in this letter, said that they were conditions over which we had no control, and those are the considerations which made it \$300,000 flat if we finished from six months to a year ahead of time.

#### DATE OF CONTRACTS.

The CHAIRMAN. Can you tell us about when the first supplemental agreement was entered into?

Mr. SCHOMBURG. In May, 1917.

The CHAIRMAN. Is that in writing?

Mr. SCHOMBURG. Yes, sir.

The CHAIRMAN. Admiral, you have those agreements, have you?

Admiral PARKS. I have.

The CHAIRMAN. I wish you would submit them to the committee—we do not care to print those long agreements—so that when we come to consider the matter we can have the two agreements before us. The third agreement was not reduced to writing?

Admiral PARKS. Except in the Roosevelt letter.

The CHAIRMAN. Which I have just read into the record?

Admiral PARKS. Yes, sir.

The CHAIRMAN. When was that third oral contract entered into?

Mr. SCHOMBURG. In December, 1917. Now, in December, 1917, he said, "You waive all bonus and all profit"—verbally this was—"and we will agree to pay you \$300,000 flat if you finish from six months to a year ahead of time."

The CHAIRMAN. But your second contract obligated you to proceed with all possible speed.

Mr. SCHOMBURG. Yes, sir.

The CHAIRMAN. So it does not seem to me there was any consideration at all for the third contract.

Mr. SCHOMBURG. The delays occasioned by the Government, over which we had no control, and which were reducing the earning of that profit, in spite of our efforts.

The CHAIRMAN. But that was not a consideration on your part. Your supplemental agreement bound you, Mr. Schomburg, to use all possible haste in completing this dry dock, and you did a good job;

nobody is complaining about that. Now, in consideration of your doing that you would be entitled to \$167,500, and having agreed, in consideration of the payment of \$167,500, to complete the dry dock at the earliest possible moment, I do not see how you could, by a further consideration moving from the Government, speed up any faster.

Mr. FITZGERALD. You are mistaken about that, because there was no agreement for using every possible effort to speed up in that way. The bonus provided that they would get so much a day for every day they finished in advance; then it happened that a part of the work which the Government was doing was holding back the work.

The CHAIRMAN. But Mr. Schomburg could not prevent that, and certainly there would be no consideration moving from the Government if an agreement was made to pay Mr. Schomburg \$132,000 in order that the Government might stop interfering with the progress of his work.

Mr. FITZGERALD. When the bonus agreement was made it was made upon an understanding that they could earn a bonus of \$300,000 in lieu of their profit; then it developed that they were going to be prevented from earning that because of interference and delays; then we had this conference and they said, "We will wipe out the bonus agreement; you go ahead and we will pay you a profit of \$300,000." And they went on in good faith.

This was such a unique thing that the Secretary of the Navy took the King of Belgium to see this wonderful dock, and told him everything about it except the fact that the Government had not paid for it. And this is the first time that one of these docks has been finished ahead of time, and it is very seldom, in the history of the Government, that the original contractor on a dry dock does not go broke. So that this was a very extraordinary piece of work under all the conditions that existed.

Mr. BUCHANAN. In other words, you claim that the wiping out of the bonus agreement or rescinding of the bonus agreement is the consideration for the last understanding?

Mr. FITZGERALD. It was understood, when they reduced the bonus agreement to writing, that the contractor would earn under it about \$300,000, and that it was the intention of the department to give them a profit to that extent, on the understanding that they would have the dock finished at least six months in advance of the contract time.

Mr. BYRNS. As a matter of fact, the bonus provision of the contract was not wiped out?

Mr. SCHOMBURG. Never in writing.

Mr. BYRNS. I did not understand your statement a while ago to be that it was wiped out at all, but my understanding of your statement was that in your subsequent oral understanding with Mr. Roosevelt it was stated that you would receive the bonus that had been agreed upon prior to that time, and that whatever profit you made was not to exceed \$300,000. So there was no wiping out of the bonus provision, as indicated a moment ago.

Mr. FITZGERALD. That was Mr. Roosevelt's understanding, because he said:

By this supplemental agreement the bonus was wiped out entirely and he was told verbally that the Government felt or the department felt that if he could finish this

dock quickly. or ahead of time. and if he could build it right and give it to us for naval use, we would do our best to get some kind of profit for him.

The fact was that when the bonus agreement was made it was believed that there would be a profit in addition to this, but then they said that they did not intend that they should get, under any circumstances, a profit in excess of \$300,000, no matter how they got it.

The CHAIRMAN. Is not this what happened, Mr. Fitzgerald: When Mr. Schomburg and Assistant Secretary Roosevelt talked about this supplemental agreement they estimated that the profit would amount to \$300,000, and then as Mr. Schomburg proceeded with his work he found it was not going to amount to that much. and then he commenced to make complaints that he was not going to get the profit he thought he was going to get; then Mr. Roosevelt said, "Well, we will just wipe out the former agreement and give you a flat bonus of \$300,000," which was without any consideration at all.

Mr. FITZGERALD. I do not believe that was the agreement; from the information I have obtained in discussing the matter with Mr. Roosevelt and Mr. Schomburg, I do not think that was the understanding. The department was very anxious to get the dock—

The CHAIRMAN (interposing). Where a contract was entered into during the war—even though all the formalities were not complied with—and the contract carried a consideration and the work was actually performed, I think the Government ought to carry out its provisions, but I really can not understand where there was any consideration for this third contract under which you are claiming \$132,500. I do not see that the contractor did anything he was not obliged to do under his first supplemental contract. That is what is bothering me, and I think it is bothering the other members of the committee as well.

Mr. FITZGERALD. It was an unusual and extraordinary situation, and those who were supposed to have authority to act for the Navy—

The CHAIRMAN (interposing). It was an extraordinary situation, Mr. Fitzgerald, that caused the making of the first supplemental agreement; we were at war and we wanted this dry dock just as soon as it was possible for him to complete it and, therefore, there was taken off of his shoulders all possibility of a loss in the execution of his contract. They said to him, "We will waive that part of it and we will give you a bonus." They entered into that contract and the only consideration for the bonus was the fact that he was to speed up and deliver that dry dock at the very earliest possible moment. Now, the mere fact that the Government was interfering with him would not warrant the Government in turning around and saying to Mr. Schomburg, "We will give you \$132,000 more, and in the future the Government will not interfere with you."

Mr. SCHOMBURG. Because they interfered with us we were kept from earning the \$300,000, and they said, "We interfered with you, and it was our intention that you should have \$300,000 for doing that work." But under the strict interpretation of that thing this board said \$167,500.

The CHAIRMAN. Then I am brought back to the conclusion I arrived at a little while ago, that when you made the first supple-

mental agreement it was on the theory that you would earn \$300,000, but for one reason or another—and one of the reasons was interference on the part of the Government—you were only going to make \$167,500, and, therefore, you made another agreement simply to bring up the profit to the point at which you figured it would run when you made the second supplemental agreement.

Mr. FITZGERALD. When they fixed the rate per day in the bonus agreement it was upon the theory that it would amount to \$300,000.

Mr. SCHOMBURG. And Mr. Daniels was afraid it would exceed that amount.

Mr. FITZGERALD. And it was not contemplated that delays would affect that part of the work the Government was to do.

Mr. SCHOMBURG. Mr. Daniels said, "You are not going to get a greater percentage," and Mr. Roosevelt said that, and said, "We are going to let you rely on the bonus, which will be \$300,000; either through bonus or profit you will get \$300,000 for the building of that dry dock, if you finish it from six months to a year ahead of time."

Mr. BUCHANAN. Suppose the Government had not interfered with your labor or interfered in any manner with the construction of that dry dock, under the bonus contract and your unit price contract, was there any possible chance of your earning in excess of \$300,000?

Mr. SCHOMBURG. Yes, sir; and Admiral Harris, who was in charge of the Norfolk Navy Yard, in his recommendation to the bureau recommended that the bonus we get be in excess of \$300,000; that is, that the number of days that we would have finished ahead of the contract time, if there had been no interference, would have entitled us to a bonus in excess of \$300,000, but when the matter got before the board of the Navy Department they did not take into consideration any of those things and just arrived at the actual number of days. It was \$250 per day for the first 30 days, \$500 per day for the next 30 days, \$750 per day for the next 30 days, and \$1,000 per day thereafter.

Mr. BUCHANAN. The board just simply ignored this third understanding between you and the Navy Department?

Mr. SCHOMBURG. No; only in fixing the bonus.

Mr. BYRNS. Briefly, just what was this interference?

Mr. SCHOMBURG. In the transportation of materials, and our labor turnover got to one point where we had new men coming in every week.

Mr. BUCHANAN. How did the Government affect that labor turnover?

Mr. SCHOMBURG. By starting all of these new works, and the men leaving our work and going to other jobs and the Government controlling the labor.

Mr. BYRNS. That is the condition I referred to a while ago.

Mr. BUCHANAN. Did the Government fix the price of your labor?

Mr. SCHOMBURG. Yes, sir.

Mr. BUCHANAN. Was it higher than you paid?

Mr. SCHOMBURG. No, sir; the Government paid the cost of labor. But the difference is this, that we would have earned, according to the report of Admiral Harris, in excess of \$300,000 under the bonus agreement, and the board which fixed the amount of \$167,500 had



no knowledge of this verbal arrangement with the Acting Secretary of the Navy, and therefore they could not give that consideration in their deliberations.

Mr. BUCHANAN. You say you received the cost of construction. How much profit have you received?

Mr. SCHOMBURG. Nothing; not 1 cent.

Mr. FITZGERALD. The provision under which the money was appropriated to enable them to pay them what it actually cost expressly provided that it should be exclusive of profit.

Mr. BUCHANAN. Then how much are you claiming now?

Mr. SCHOMBURG. \$300,000.

Mr. SLEMP. You did get \$167,500 as bonus.

Mr. SCHOMBURG. But which you took away from us.

Mr. FITZGERALD. You made us credit that on the cost of the work; we got it, but it was taken back.

Mr. SLEMP. I do not want to encumber the record, but I would like to get that point clear. Why did they give you the bonus at all? Just to equalize the cost of doing the work, did they not?

Mr. FITZGERALD. For finishing ahead of time.

Mr. SLEMP. Was any part of the profit included in the bonus?

Mr. FITZGERALD. That was supposed to be profit or bonus.

Mr. SLEMP. Why do you not credit that against the profit that was coming to you?

Mr. SCHOMBURG. We are willing to do that. We are perfectly willing to credit \$167,500 against the profit of \$300,000.

Mr. SLEMP. And that will leave due \$132,000?

Mr. SCHOMBURG. And \$167,500, which you took away from us.

Mr. FITZGERALD. What happened, Mr. Slempe, was that the Navy Department paid \$167,500 as a bonus. There was a deficit as to the actual cost of the work, and Congress appropriated money to pay for the actual cost of the work, but provided in effect that \$167,500 should be applied on the cost, so that the contractor has received what he actually expended and nothing else, although originally \$167,500 was paid under the guise of a bonus.

Mr. SLEMP. They took that \$167,500 to make up the actual cost of the work—is that it?

Mr. FITZGERALD. It was credited.

Mr. SLEMP. They took that much to make you even with the actual cost?

Mr. SCHOMBURG. Yes; that is right.

Mr. SLEMP. And if you charge that as a credit, the Government would owe you \$167,000 on the cost?

Mr. SCHOMBURG. Yes. I want to say one more word, that we began the construction of this dry dock, and as far as any writing is concerned have never been relieved of the responsibility of construction, for which we had put up a bond of \$675,000, that is, for the successful completion of it. As I say, we were never relieved in writing, although it might be read into the Roosevelt letter that we were relieved, but, as a matter of fact, our bond stayed up, our bond for \$675,000 for the successful building of that dry dock.

The CHAIRMAN. Admiral, what was the unit cost in the original contract?

Admiral PARKS. I have not the figures in mind, but there was a long list of items—concrete, lumber, excavation, and things of that kind.

The CHAIRMAN. What would it have cost if conditions had remained normal and the contractor had completed that contract without modification?

Admiral PARKS. I think it was estimated that with those quantities and at those unit prices it would have been less than \$2,500,000.

The CHAIRMAN. And it actually cost?

Admiral PARKS. About \$4,000,000; a little over \$4,000,000.

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FRIDAY, MAY 6, 1921.

**STATEMENTS OF REAR ADMIRAL CHARLES W. PARKS, CHIEF  
BUREAU OF YARDS AND DOCKS, AND MR. CHARLES F.  
CONN, PRESIDENT GIANT PORTLAND CEMENT CO.**

**FOR PAYMENT TO THE GIANT PORTLAND CEMENT CO.**

The CHAIRMAN. Admiral, you have included in this estimate an item of \$75,517.94 to be paid to the Giant Portland Cement Co., subcontractor, for loss sustained by it on cement furnished for this work. I would like to have you make a statement in regard to this. I think no statement has thus far been made with reference to this item.

Admiral PARKS. The understanding between the department and the contractor was that the Government would pay the cost of the dock, and the contractor has paid the cost with the exception of a certain amount now claimed as a part of the cost of the cement and a smaller amount on account of granite and oak timber. I believe, however, it was stated that those two contracts did not amount to over \$30,000, and no claims have been submitted by those contractors for any loss. This contractor or subcontractor had a plant convenient to the site of this work. He had his own floating equipment, and the manufacture and delivery of the cement was wholly in his own hands as long as that plant at Norfolk was in operation and not interfered with by anybody or anything; but it became necessary to take charge of all the floating equipment in Hampton Roads, and among other equipment this was taken over.

The CHAIRMAN. By the Navy Department?

Admiral PARKS. By the board of control, which was a joint organization, to take care of the Government service, the Navy Department, the War Department, as well as the service of the Housing and Shipping Boards. It became impossible for the subcontractor to furnish all of the cement from the Norfolk plant on account of the Government's activities in that district, and he proceeded to complete his contract by delivering cement from Pennsylvania. The assumption was made that he would have a loss of approximately \$80,000, but that has been finally ascertained to be \$75,517.94 by audit and certificate of audit by proper accountants. The contractor could have paid that excess cost, as he did other excess costs, and this would then have been included in the amount that Congress provided

to cover such costs, but the contractor did not elect to pay the excess to this subcontractor. Now, at the time the Norfolk plant was stopped, the Government had established prices for cement and other articles needed for war use, and this subcontract could have been terminated and the additional and remaining cement furnished at the established price; but the subcontractor made no objection to going on with his contract, and, so far as I know, made no claim that he should have his original contract terminated and a new one established at the Government price.

If he had done that and a new one had been established at the Government price, the difference, I believe, would have been in the neighborhood of \$120,000 or \$125,000, which, as shown by the audit, would have given a profit of approximately \$50,000, but he has interviewed the bureau from time to time and expressed the feeling that his excess cost should be reimbursed. He has made no claim that he should have a profit allowed, so that the amount we are estimating for is the loss he incurred through acts of the Government in interfering with the operation of his floating plant, and because of the furnishing of the balance of the cement from a Pennsylvania plant. It has seemed to the bureau that this was as just a claim as has ever been presented to it, and the bureau heartily recommends it for favorable consideration by the committee.

The CHAIRMAN. What was the difference between the price of the cement at which the subcontractor furnished the cement and the price fixed by the joint board?

Mr. CONN. The first price fixed by the Government on June 14, 1917, before any shipments had been made on this contract, was approximately 30 cents higher than the price received.

The CHAIRMAN. Per barrel?

Mr. CONN. Yes, sir. Subsequently the prices fixed by the Government were increased, so that by the time the contract was completed the difference in the Government price and the price in the contract was approximately \$1 per barrel.

The CHAIRMAN. What was the price under the contract?

Mr. CONN. \$1.46 delivered.

The CHAIRMAN. Now, if I recall correctly, this plant of the Giant Portland Cement Co. at Norfolk was for a portion of this time out of condition, so that this company would not have been able to have furnished this cement from that plant, even if they had had their floating equipment. About how long was the plant out of condition, and was the breakdown of such a nature that it would have taken very long to repair it?

Admiral PARKS. I am not able to give those dates, but my understanding of the case is not exactly as you have expressed it. My understanding is that there was a breakdown at the plant, and the floating equipment having been taken over by the Government, it was impossible to make the repairs and expect to be able to deliver cement from it, and for that reason the repairs were not made; but as to how long would have been required to make the repairs, if the other facilities had been available, I am not aware. I have not looked into that particular feature, because I considered that the other circumstances made it unreasonable to expect them to make the repairs.

The CHAIRMAN. Did this contractor furnish cement so that the contractor could go along with the work as rapidly as was contemplated by the department?

Admiral PARKS. Yes, sir; he did.

The CHAIRMAN. There was no let up in the plans because of any failure on the part of the subcontractor to furnish cement as rapidly as it could be used?

Admiral PARKS. No, sir; I think there was always a surplus of cement on hand. The trouble was more particularly in supplying the material required to be used with the cement, or the sand and gravel, which was being furnished by the Government under commandeering orders.

The CHAIRMAN. Has the department made an audit of the books of the Giant Portland Cement Co. to ascertain the amount of the loss?

Admiral PARKS. No, sir; the department has the certificate of a recognized firm of accountants.

The CHAIRMAN. My recollection is that in the matter of determining these losses the audit of the books of the contractor or subcontractor has always been made by the department having the work under its control, and if the committee should decide upon this matter would it be much of a job for your administrative and accounting officers to make an audit of those books to ascertain the fact that the audit that has been made by the certified accountants is correct?

Admiral PARKS. I believe that those accountants have probably gotten the records in such shape that our auditors could review them quickly, but if it were a new audit by us it would probably take some months, in view of the experience we have had with some others.

The CHAIRMAN. The expense involved would not be large, would it?

Admiral PARKS. Possibly from four to five thousand dollars would be the maximum.

The CHAIRMAN. Mr. Conn, you are an officer in the Giant Portland Cement Co.?

Mr. CONN. I am the president.

The CHAIRMAN. How long was your plant out of commission because of the breakdown, or how long would it have been out of commission if you had had floating equipment in your possession so as to make the repairs?

Mr. CONN. The plant was broken down for 30 days. Of course, not having the floating equipment had nothing to do with making the repairs.

The CHAIRMAN. It had nothing to do with that?

Mr. CONN. It had nothing to do with the physical part of making the repairs on the plant. The repairs were made and the plant put in operation in 30 days.

The CHAIRMAN. Over what period of time, all told, was this cement furnished?

Mr. CONN. Practically 18 months.

The CHAIRMAN. About how much cement was furnished during the 30 days when the plant was broken down? Was it about one-eighteenth?

Mr. CONN. No, sir; it was in the month of July, 1917, when the dry dock was being pushed, and there were about 1,000 barrels going into the dock at that time daily. Probably some 30,000 barrels were delivered during that month, or between 25,000 and 30,000.

The CHAIRMAN. Admiral, will we be setting a precedent if we allow this item that would open up the door for other like claims?

Admiral PARKS. To no greater extent than you did by allowing the cost in the last legislation. Of course, there is a bill under consideration to permit claims of this kind to be considered, but that has not been acted upon. They are still having hearings on it, I think. I do not feel that action in a case just like this would create a precedent that would open it up, and at the same time I believe that every man does have an opportunity to present his case for the consideration of Congress. I believe that, whatever action is taken on this.

The CHAIRMAN. Do you desire to say anything further, Mr. Conn?

Mr. CONN. I would like to say this: I think Admiral Parks has explained the matter very clearly, except in this respect: The floating equipment used by our Norfolk plant was not owned by the company, but it was under contract with the Hudson Transportation Co., of Norfolk, that being a five-year contract. Their tugs and barges were commandeered by the Government. It has been indicated that the floating equipment belonged to the company, but that was not the case.

The CHAIRMAN. Did that 5-year contract expire before the completion of this work?

Mr. CONN. No, sir.

The CHAIRMAN. It extended beyond that period?

Mr. CONN. Yes, sir.

The CHAIRMAN. So that, during all that time, without interference by the Government in commandeering this floating equipment for which you had a contract, you would have been able to use it in the delivery of cement for this work?

Mr. CONN. Yes, sir.

Mr. BUCHANAN. Would you have been able to come out even if you had not been interfered with?

Mr. CONN. If there had been no war, then, the entire problem would have had other phases than those presented. The regulations and restrictions issued by the Government in regard to the use of coal and other material affected our operating costs. In other words, if there had been no war, and conditions had remained as they were on November 4, 1914, when we signed the contract, there would have been a fair profit in the contract. The reason that there was no profit is due to matters over which we had no control.

Mr. BUCHANAN. If the same conditions had prevailed, you would have made a profit, but with the war conditions coming on you would probably have come out behind, even though the floating equipment had not been commandeered by the Government?

Mr. CONN. I think that is probably true, because of the advance in freight rates and the advance in the cost of coal.

Mr. BUCHANAN. And in the cost of labor?

Mr. CONN. Yes, sir; and in the cost of labor.

The CHAIRMAN. Is all of this \$75,517 the loss that you sustained because you were compelled to ship cement from another plant, or would you have sustained a part of that loss if the Government had not taken over your floating equipment?

Mr. CONN. It is pretty hard to say, but I should think that we would still have had a loss because of the fixing of the price of coal by the Government, the increased transportation charges on the coal,

and the activities of the Government in that neighborhood. When we made our contract, we were paying 12½ cents per hour for our labor, and it was plentiful, but before the contract was completed we were paying 45 cents per hour. Right across the river from this dry dock there was great competition for all the labor that was in that section, and it was being imported from other places. It was very difficult to get labor at any price. Therefore, I think, that having analyzed it, we would have sustained a loss.

The CHAIRMAN. That injects another element into the case that I did not know was present. I thought that this total loss was sustained because you were compelled to ship cement from your Pennsylvania plant, and that you were compelled to do that by reason of the Government's action in taking over your floating equipment.

Mr. CONN. I do not think that is a correct impression, and if that has been your understanding, it should be corrected.

Mr. BUCHANAN. In other words, this amount represents your total loss?

Mr. CONN. On this contract; yes, sir. It is the difference between the amount received and what it actually cost us to produce it.

Mr. BUCHANAN. Whether due to the rise in freight rates, the increased cost of coal, or increase in the cost of labor?

Mr. CONN. Yes, sir; I think that is a fair way to put it before this committee.

Mr. BUCHANAN. When you entered into the contract, you did not anticipate war conditions during its completion?

Mr. CONN. There was nothing in the contract protecting us in the event of war.

Mr. BUCHANAN. You did not make your figures in bidding on this contract upon the basis of war conditions?

Mr. CONN. No, sir.

The CHAIRMAN. When was this \$167,500 of bonus paid?

Admiral PARKS. I have not that information with me, but I can get it out of the vouchers. Voucher No. 91, for \$130,000, was paid July 7, 1919. Voucher No. 93, for \$37,500, was paid July 9, 1919.

The CHAIRMAN. I am not quite clear as to why the full \$300,000 was not paid at the same time.

Admiral PARKS. Because the bonus was earned at so much a day for a certain number of days, another rate for another period, and a third rate for all additional days. The only days I felt I could allow on the report was a sufficient number of days to amount to \$167,500. The contractor has stated that the officer in charge had recommended the full amount and said that more had been earned, but the officer in charge is not supplied with all of the rulings, etc., under which these things have to be settled. The result is that the bureau almost invariably is obliged to disallow allowances that have been recommended by the officer in charge. If the contractor finds that the officer in charge has recommended more than the bureau allows he feels aggrieved and feels that he has been unfairly treated by the bureau, perhaps.

The CHAIRMAN. That was paid out of the emergency fund?

Admiral PARKS. I think that was paid out of the emergency fund, the bonus.

The CHAIRMAN. And of course it was ample to pay the full \$300,000 if that had been allowed.

Admiral PARKS. If it had been earned under the bonus agreement.

Mr. BYRNS. As I understand, the \$167,500 represents the entire amount due the contractor by way of bonus as finally determined by the bureau.

Admiral PARKS. Yes.

NAVAL STATION, KEY WEST, FLA.—FOR DEVELOPMENT OF A SUBMARINE BASE.

The CHAIRMAN. You are asking \$800,000 for the development of a submarine base at the naval station, Key West, Fla.

Admiral PARKS. That was more or less discussed at the last session of Congress.

The CHAIRMAN. You made an estimate for this amount in the naval bill?

Admiral PARKS. Yes, sir.

The CHAIRMAN. And you had full hearings on it?

Admiral PARKS. Yes. But the hearing indicated that I was not positive we ought to carry on that contract. The then Secretary of the Navy sent a letter to the Senate committee expressing his opinion that it ought to be carried on.

The CHAIRMAN. And the Senate has inserted it in the naval bill?

Admiral PARKS. Yes, sir; and when the present Secretary went to Guantanamo I asked him to look into the matter on his way through Key West. Upon his return he stated that he believed the method we were now using would be successful and that it ought to be completed.

The CHAIRMAN. If the Senate decides that it is necessary it can be put in the Senate bill and it will be thrown into conference on the naval appropriation bill.

Admiral PARKS. It can be done in that way, but it has been transferred here, after consultation with the chairman of the subcommittee on naval appropriations, for the reason that the money is needed right now on this contract, and it is possible that if I had to suspend work on the contract the hurricanes will destroy a large part of the work that is now in place. The money is needed for April vouchers. This is a peculiar breakwater proposition. It is a mound of coral of rather small particles; when the contract was let I expected to have a considerable amount of trap rock, but all of the excavation has gone through a pipe so naturally it must be small. I had rather serious doubts as to whether that would be an effective breakwater, but the best information I can get now is that if it is covered with marl it will conform with the practice of the Florida East Coast Railroad and will be effective.

DEPTH OF WATER.

The CHAIRMAN. How deep is the water at this place?

Admiral PARKS. From 18 to 20 feet.

The CHAIRMAN. If it is only 18 or 20 feet, why could you not take some of these wooden ships that we can not sell and with which we can not do anything? They are a burden to the Government, and it seems to me it might be well to fill those ships with rock, take them there, and sink them for a breakwater.

Admiral PARKS. I have an idea we might get some rock if we went over to the Cuban coast after it.

The CHAIRMAN. You can put the rock in these boats, because I imagine they will perhaps carry that far.

Admiral PARKS. I think they will carry that far if we have pumps enough on them.

The CHAIRMAN. Would not that provide a use for these ships and save a great deal of money?

Admiral PARKS. It would, but I do not think they would be quite adaptable to this case, because to make a harbor for your submarines it is necessary to do a certain amount of dredging, and this dredged material is the material that is being used for the breakwater. We have got to get rid of that, anyhow.

#### AMOUNT SPENT ON CONSTRUCTION OF BREAKWATER.

The CHAIRMAN. How much money have you already spent on this breakwater?

Admiral PARKS. We have paid out a little less than \$1,000,000, and the vouchers for April will bring it up to about \$1,050,000.

The CHAIRMAN. And it will take about \$800,000 more?

Admiral PARKS. It will take \$800,000 to finish this contract, and this is all within the authorization of \$2,500,000.

The CHAIRMAN. You have discussed this matter fully in the hearings before the House subcommittee on the naval bill?

Admiral PARKS. Yes.

The CHAIRMAN. Is there anything additional you want to say, because those hearings are available and it is not necessary for us to go into the matter again.

Admiral PARKS. No. The only point in having it in this bill was to make the money immediately available, although there is one more thing I might say to possibly show the necessity. The subcontractors are in the hands of a committee of creditors and they are not able to carry on work until July without payments.

The CHAIRMAN. The naval bill, as reported, makes the amount immediately available. When you appeared before Mr. Kelley's subcommittee did you go into the question of what it would cost to cancel this contract if it were decided to abandon the building of this breakwater?

Admiral PARKS. To a certain extent, and he took the matter up with the House Naval Committee. But after that it was decided not to include any legislation to cancel.

Mr. BYRNS. Does the bill as reported to the Senate carry this full amount?

The CHAIRMAN. Yes; and it makes it immediately available.

Admiral PARKS. That is all that is necessary, to have it immediately available.

Mr. BYRNS. From indications the Senate bill will become a law before this one.

Admiral PARKS. Not from my view of it. I am looking for a very large amount of debate on the floor of the Senate and a considerable time in conference.

Mr. BYRNS. The paper stated this morning that the chairman of the Senate Naval Committee has indicated that he was going to call



it up as soon as the emergency tariff bill was disposed of, and I understand they are arranging for a vote on that in the next few days.

MAINTENANCE, BUREAU OF YARDS AND DOCKS.

The CHAIRMAN. You are asking for a deficiency of \$347,641.17 for maintenance, Bureau of Yards and Docks, for the balance of this fiscal year.

Admiral PARKS. As I have mentioned several times before, I think before this committee and other subcommittees, the Hampton Roads operating base is a new affair brought about by the war, and it is costing a large amount of money to operate. The department believed that it was costing much more money than it should cost, and every effort has been made to reduce the cost of operating that plant. We made an allotment for that purpose this year of \$720,000 when last year's cost had been over one million and a quarter. I am thoroughly convinced that they are endeavoring to keep the expenses at that station as low as possible, but even with this mild weather they have not been able to keep down anywhere near \$720,000. I believe it is going to run over \$1,000,000 this year, and I think this is one station where I am going to find a case similar to that I mentioned yesterday on that \$1,500,000 deficiency; that is, that they have not been charging appropriation requisitions to the allotment, and if this is not appropriated it will be necessary to take allotments from other yards and apply them at Hampton Roads, because Hampton Roads is a nonindustrial establishment, and all expenses of this kind must be charged to the appropriation.

The industrial yards have a system of covering some of these ordinary expenditures into general expense, a practice which I think is not largely favored by anybody, but it makes it possible to charge a larger amount of this cost to general expense and avoid an actual deficiency, if care is used. You can do that at the industrial stations but you can not do it at the nonindustrial stations. That does not help Congress at all in seeing what things cost, and I believe it is better to have all charges made directly to the appropriations that are provided for that purpose. For that reason I have requested an additional amount under maintenance, Yards and Docks. If it is not granted, I will simply take that amount of allotment away from the industrial yards and charge that amount to general expense.

The CHAIRMAN. This represents the additional amount you want to spend at Hampton Roads?

Admiral PARKS. Nearly all of it, I believe, at Hampton Roads.

The CHAIRMAN. Can you give us any information as to how your balances stand at this time?

Admiral PARKS. Well, all of the appropriation is allotted.

The CHAIRMAN. How about the expenditures under the allotment?

Admiral PARKS. At the present time the expenditures are supposed to be one and two-thirds months unexpended; they are expected under the allotments to expend in accordance with the expiration of time. I am forced to refuse to make allotments for rather important things that are being submitted at this time for the reason that no funds are available.

The CHAIRMAN. Can you take some of the allotments from industrial yards without greatly hampering those yards?

Admiral PARKS. It depends; it can be done by simply making the overhead expenses appear much larger, but the department has been using every effort it could to reduce this indeterminate expense. We have had a board in session for over a year and a half trying to get those things down to definitely known charges against appropriations. I do not like to tell a yard to do a thing of that kind; I have had to, but I do not like it.

FOR INCREASE OF LIMITATION ON PAY OF SKILLED DRAFTSMEN AND OTHER TECHNICAL SERVICES.

The CHAIRMAN. You are asking that:

The limitation specified in the legislative, executive, and judicial appropriation act for the fiscal year 1921 on expenditures for the pay of skilled draftsmen and other technical services in the Bureau of Yards and Docks from appropriations and allotments under said bureau is increased from \$200,000 to \$205,804.78.

That is an increase of \$5,804.78.

Admiral PARKS. I would like to modify those figures to \$202,838.65.

The CHAIRMAN. What is the necessity for an increase in this limitation?

Admiral PARKS. The appropriations for public works under aviation are annual, and at the end of the fiscal year it is crowding the bureau to take care of work. I have at the present time an over-obligation of \$2,838.65, which I can avoid by furloughing the people on duty about five days without pay; if I furlough them without pay it is going to seriously interfere with the work in that part of the year. I do not want to discharge any because I am going to need all I now have as soon as the next fiscal year begins; there are none of these who are not needed at the present time. Some of the work is more than a year behind, but the present force is one that next year will cost almost exactly \$15,000 less than the authorization. I have cut it down below next year's authorization, and it is not good policy for me to discharge people in order to save this \$2,800 in the last two months of the year.

The CHAIRMAN. What kind of work are these employees doing?

Admiral PARKS. They are on all kinds of construction work, structural steel, reinforced concrete, heating, lighting, power plants, aviation hangars, and submarine bases, all of the several classes of public works. The force is not just what it ought to be.

The CHAIRMAN. How many employees are included?

Admiral PARKS. It was 72 last week, but we have transferred some and accepted resignations, so that it is less than that now. I will put in the record the correct number. That, of course, does not affect the appropriation; it simply avoids interference.

NOTE.—It is found that last week's report anticipated the transfer and resignations, and 72 is the number that should be carried during the rest of the year.

The CHAIRMAN. You have the money and simply want the limitation increased?

Admiral PARKS. Yes.

The CHAIRMAN. What effect would it have on the work you are doing if you had to furlough the employees and stop the work?

Admiral PARKS. Well, it might prevent my getting our some work on these annual appropriations that ought to come out. That is a thing which bothers us very much, the annual appropriations for that kind of work.

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FRIDAY, MAY 6, 1921.

### INTERIOR DEPARTMENT.

#### STATEMENTS OF MR. JOHN HARVEY, CHIEF CLERK, INTERIOR DEPARTMENT; MR. W. B. ACKER, ASSISTANT ATTORNEY, AND MR. J. S. HILL, ENGINEER AND ELECTRICIAN.

##### REPAIRS TO OLD GENERAL LAND OFFICE BUILDING.

The CHAIRMAN. You are asking a deficiency appropriation of \$65,000 for repairs to the old General Land Office Building, at Seventh and E Streets, Washington, D. C. What is the necessity for a deficiency appropriation at this time of the year for that purpose?

Mr. HARVEY. Strictly speaking, Mr. Chairman, that would not be a deficiency appropriation, but it would be a supplemental appropriation. It is made necessary by the frequent changes in the occupancy of the building. It is in a very bad state of repair and we think it ought to have attention.

The CHAIRMAN. What is this building being used for now?

Mr. HARVEY. It is occupied by eight different branches of the Federal service, as listed in the letter which you have before you.

The CHAIRMAN. State for the record just what offices are located there?

Mr. HARVEY. Office of the Secretary, fourth district, Civil Service Commission; F Street branch city post office; Auditor for the State and other Departments; Federal Farm Loan Bureau; United States Tariff Commission; District of Columbia Branch of the Office of the Chief of Engineers of the Army; the Panama Canal Commission; and the International Joint Commission. They are all occupying the building now except the International Joint Commission.

The CHAIRMAN. What is the nature of the repairs contemplated?

Mr. HARVEY. Painting and plumbing, repairing floors and other woodwork, skylights, electric wiring, and miscellaneous repairing, which we expect will develop in the general overhauling.

The CHAIRMAN. You have a repair item in next year's appropriation that will be available for this purpose?

Mr. HARVEY. That is an appropriation of \$30,000 for the repair of that building, the Patent Office Building and the Pension Office Building, and the operation of the steam heating plant in the old General Land Office Building.

The CHAIRMAN. And that amount is required for the ordinary repairs of these buildings.

Mr. HARVEY. Yes, sir.

The CHAIRMAN. And you will not be able to use any portion of it for this purpose?

Mr. HARVEY. Only a small portion of it. The amount is inadequate for the work that is required to be done.

Mr. BUCHANAN. Who does this building belong to? Is it Government property?

Mr. HARVEY. Yes, sir; and it is under the custody of the Interior Department.

Mr. BYRNS. The activities you have mentioned are already in there. It is contemplated to change offices and rearrange the offices in the building?

Mr. HARVEY. No, sir; they are just occupying the space that was allotted to them by the Public Buildings Commission.

Mr. BYRNS. I understand, and you expect they will continue to occupy that space during the next fiscal year?

Mr. HARVEY. Yes, sir.

Mr. BYRNS. Is it expected now to make the repairs to suit their own particular convenience with reference to the arrangement of offices; is that the idea?

Mr. HARVEY. No; I do not think that is the idea. It is just the general repairs which we find necessary to make throughout the building, painting the rooms and the corridors and the woodwork, plumbing, wiring, etc.

Mr. BYRNS. Were not those rooms painted when these activities went in there? I have been in one or two of them recently and while I did not examine them particularly, of course, yet I thought they were in pretty fine shape.

Mr. HARVEY. A few rooms have been painted from time to time, but there has been no general painting.

Mr. BUCHANAN. Is this painting to be done on the inside or on the outside?

Mr. HARVEY. On the inside.

The CHAIRMAN. If the Building Commission should send these activities to some other building, you would then have to go to work and change the wires and repaint the building to suit the fastidious tastes of the next occupants, would you not?

Mr. HARVEY. I think not, Mr. Chairman.

The CHAIRMAN. I understand the Federal Farm Loan Board is very much dissatisfied because they are housed in this building and think they ought to be in the Treasury Building. If they are sent up there, then you would not need this money to repair the building for them, or if you did repair it for them, you would have to change the repairs to suit the demands of some new activity, would you not?

Mr. HARVEY. I do not think so, so far as the general repair work is concerned. The rooms in those buildings are generally painted uniformly throughout.

#### REWIRING ROOMS AND CORRIDORS AND FOR LIGHTING FIXTURES.

The CHAIRMAN. I notice you are estimating \$13,000 for rewiring the rooms, \$12,000 for rewiring the corridors, and \$4,500 for lighting fixtures; is that to completely renew the wiring?

Mr. HILL. The wiring in this building was installed about 20 years ago in a very temporary manner, and we have it on wooden molding and we tack the wires up and everything of that kind, and owing to the changes made while the War Department was in this building, they were very much disrupted in every way, and we did not have a chance to repair any of it while they were in there, or the money to

do it with. We think now it ought to be rewired in a modern way to make it perfectly safe.

The CHAIRMAN. Do you want to put the wires in conduits?

Mr. HILL. Yes, sir; and this being a brick and stone building it requires considerable expense to do that. So far as rearranging the wiring is concerned, the outlets, of course, would be the same in all rooms, but the way it is arranged now we have to use any kind of a drop switch or any inconvenient thing of that kind, whereas this work contemplates putting in the ordinary, modern wall switches, and everything of that kind, and put it in first-class modern shape.

The CHAIRMAN. Do you have your own men to do work of this kind or do you let contracts?

Mr. HILL. We usually contract for any large jobs and any ordinary work we do ourselves.

The CHAIRMAN. Take the item for lighting fixtures, do you expect to put in all new lighting fixtures?

Mr. HILL. That will be probably necessary in a great many cases. It might not be absolutely necessary in all cases, but these are old-time fixtures that we are using now and they are not suitable for the present mode of lighting.

Mr. ACKER. And they are very expensive, Mr. Chairman, because they consume a good deal more current. If we get better fixtures in there we will get less expensive operation.

Mr. HILL. I might also say that the wiring now is for direct current, 220 volts, and a large portion of the machines coming in for these various offices are 110 volts, and when we make this change in this wiring, we propose to make it a three-wire system so we can use either 110 or 220 to suit these various machines, otherwise they would have to be thrown out and new ones bought.

#### FOR REMODELING PLUMBING.

The CHAIRMAN. Then, you estimate \$6,800 for remodeling of the plumbing. What changes in the plumbing system do you contemplate?

Mr. HILL. The plumbing is like the wiring. It is very old and there are inadequate closet facilities for all these people coming in. For instance, there is only one women's toilet room on every floor of any size and the others are very small and very inconvenient. We have in there now over 200 women who have moved in and they really have not the proper facilities for this purpose.

The CHAIRMAN. Do you expect to install additional toilet rooms?

Mr. HILL. That is contemplated in this estimate, and besides that, renewing whatever plumbing is necessary to be renewed in the way of mains and risers and all that sort of thing.

Mr. HARVEY. Some of the toilet rooms have no ventilation other than what is had through the doors.

Mr. HILL. There seems to be quite a lot of objection to those things by the present occupants of the building.

#### REPAIRS TO FLOORS.

The CHAIRMAN. What repairs are contemplated to the floors?

Mr. HILL. That is usually concrete work or something of that kind. They are all slate floors and it will be necessary to take that

slate up in order to make these changes in the wiring, and that amount was added to do that sort of work. Then in the basement it is concrete, and that concrete is badly broken and the tile floors have been broken due to the heavy trucks and everything of that kind that were used during war time.

The CHAIRMAN. Do you think this is a very good time to make repairs that are not absolutely necessary but might be postponed for a few months? Everything is still pretty high in the way of labor and supplies, is it not?

Mr. HILL. I think with the division of this work, the way the estimates are put in, among various contractors, we could get now a very good figure on it because work is more or less scarce. The fact is the repairs have been put off for such a long time that they should really be done as quickly as possible.

The CHAIRMAN. Yes; I know something about that. I know the work has been postponed until we could get to more nearly normal conditions.

Mr. HILL. Another thing I might say is there is a large amount of wooden file cases coming in now, especially in the auditor's office, and that causes a larger fire risk on the present wiring, and that ought to be considered.

Mr. ACKER. Did you not have a couple fires down there due to this old, defective style of installation?

Mr. HILL. Oh, yes; we have had several of them. They were not serious, but of course, they might have been serious.

The CHAIRMAN. Do you know how many people are employed in this building, all told?

Mr. HILL. I could not tell you how many there are altogether, but I should say at least 545.

*Memorandum as to Government activities occupying old General Land Office Building, Eighth and E Streets NW., and number of employees.*

	Employees.
Engineer and Electrician Hill, in charge of building and power and heating plant; three rooms on first floor, storerooms in basement, and power, heating, and lighting plant.....	51
Office of the Secretary, fourth civil service district, 36 rooms, first floor, and basement.....	85
City post office, F Street Branch, 6 rooms.....	10
Panama Canal Commission, 54 rooms, first floor, E Street; second floor, Seventh Street; and basement.....	104
Auditor for the State and Other Departments, 68 rooms, first, second, and third floors, and basement, divided up.....	129
Federal Farm Loan Board, 26 rooms, second floor, E Street, and part of Eighth Street.....	31
United States Tariff Commission, 35 rooms, third floor and basement.....	97
International Joint Commission, four rooms.....	11
United States Engineer's Office, 15 rooms, second floor, Eighth Street, first floor, F Street.....	27
Total.....	545

Mr. BUCHANAN. Was this matter included in your estimates before the legislative committee?

Mr. HILL. No, sir.

Mr. BUCHANAN. You never estimated for the repairs on this building in the estimates before that committee?

Mr. HILL. At that time it was still occupied by the War Department and this assignment had not been made.

Mr. ACKER. That was not included in the regular estimates because at that time the department did not know how many of these activities belonging to the War Department were going to stay in the building. They were constantly moving in and moving out.

The CHAIRMAN. When did the War Department move out?

Mr. HILL. They started moving about January and they finished a little after the 1st of April. The Adjutant General's Office, I think, was the last one to go.

*Memorandum estimate of the cost of renovating, etc., the old General Land Office Building Seventh and E Streets NW.*

Painting and pointing up of rooms and corridors..... \$16,000

It is contemplated that the department will furnish the material and contract for the labor and the painting. The painting of the outside work on the building, not being absolutely necessary at the present time, could be done after July 1 and be paid for from the regular appropriation for repairs of building, 1922.

Electric wiring and lighting fixtures:

Rewiring rooms.....	13,000
Rewiring corridors.....	12,000
Lighting fixtures.....	4,500

The condition of the electric wiring in the building is very bad and there is a constant fire hazard. The wires are so old that the insulation is dried out, and as they are run in wood molding, a fire may occur at any time. In the past several fires in the building have been caused by reason of this defective condition. To expend a large amount on painting in the interior of the building and allow the wiring to remain in the present dangerous condition would be an unbusinesslike proceeding. The present lighting fixtures throughout the building are obsolete and wasteful and should be replaced with more modern indirect fixtures which would provide adequate light with less current consumption.

Remodeling the plumbing in the building..... 6,800

New toilets:

Abandon toilet room No. 47, which is an inside room and can not be properly ventilated, and install new toilets in room No. 40, where proper ventilation can be had.....	2,200
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Abandon small toilet rooms Nos. 65, 107, 157, 207, 255, 306, and 357, inside rooms which can not be properly ventilated, and install new toilets in rooms 63 and 205 or 253.....	5,000
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Changes in plumbing are necessary in order to correct the present insanitary conditions and provide adequate toilet accommodations for the employees who are to occupy the building.

Repairs:

Repairing floors.....	2,500
Repairing skylights.....	1,000
Miscellaneous repairs in building.....	2,000

Total.....	65,000
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FRIDAY, MAY 6, 1921.

## GENERAL LAND OFFICE.

## STATEMENTS OF MR. WILLIAM SPRY, COMMISSIONER; MR. FRANK BOND, CHIEF CLERK; AND MR. C. A. OBENCHAIN.

## FOR ADDITIONAL EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. You are asking for additional employees during the fiscal year 1922 at annual rates of compensation as follows:

Law examiners—Four at \$2,000 each; 8 at \$1,800 each; 20 at \$1,600 each; 8 clerks at \$1,400 each; in all, \$65,600.

This is for 1922, supplementing the appropriation for the General Land Office by \$65,600. Why is it necessary to add this additional force?

Mr. BOND. There was an act passed, as you know, on February 25, 1920, providing for coal, oil, and other leasing of public lands, and we were given no assistance whatever to help carry that law into effect. We have assigned from the different divisions, stolen them, in fact, some of our best men to put on this work. We have now 26 men employed on this work from other divisions, and of course our regular division work has fallen way behind and is continuing to fall behind. Under the legislative act the Congress cut us down twenty \$1,000 clerks, and that has made the conditions so much worse that we do not know now where we are going to get off. We are away behind on our oil-permit business. We have over 3,300 cases now waiting action and they are coming in faster than we can take care of them. We have issued about 2,000 permits.

I might say in connection with that work, that there is no prospect of our catching up, and it is very important that this work be done, if possible, before June 30 in order that these people who get these permits can get their machinery in operation, bore for oil, and possibly discover oil, and after that, of course, the Government will begin to get its royalties on oil. From the permits that have been granted some 10 leases have already been issued, and out of those 10 leases the Government is now getting \$480 a day royalty. If we can pull this work up by June 30 so as to get more people provided with the proper permits and get their machinery at work, we will probably increase that income to the Government from these royalties very largely. If we can not get it done, the work will be postponed until next year and we will lose a whole year.

The CHAIRMAN. How much did the legislative bill reduce your force?

Mr. BOND. Twenty.

The CHAIRMAN. And you are asking here for 40?

Mr. BOND. Yes, sir.

The CHAIRMAN. You are asking then for 20 more employees than you originally estimated for?

Mr. BOND. Yes, sir.



## INCREASED DEMAND FOR OIL AND PHOSPHATE LEASES.

The CHAIRMAN. And that is because of the increased demand for these oil and phosphate leases.

Mr. BOND. Yes, sir.

Mr. SPRY. We might explain, Mr. Chairman, that there was absolutely no provision made for additional help at the time this law went into effect.

Mr. OBENCHAIN. And that law probably has increased the work of the office 15 per cent.

Mr. BOND. And as I stated, we have been trying to get this work done by simply stealing our clerks from their regular work in the other divisions, and, of course, the work of those divisions is falling behind all the time. Some of them are six months in arrears now, and it looks almost hopeless for us to carry on this work and administer this oil leasing law unless we can get some help.

The CHAIRMAN. Does not the Geological Survey do some of this work?

Mr. BOND. None of this work for us.

The CHAIRMAN. There are some other bureaus that do some work along this line.

Mr. OBENCHAIN. They have some features of this work and also the Bureau of Mines. I understand the Bureau of Mines already has an appropriation for their part of the work.

The CHAIRMAN. Both of those organizations asked for additional assistance in the sundry civil bill, and we gave them quite a substantial increase because we realized that this was a source of revenue to the Government and that we ought to encourage and not restrict the taking of these leases that would bring a revenue to the Government.

Mr. SPRY. They are doing a different class of work altogether from the work Mr. Obenchain is doing in his division. The survey makes an examination as to the nature of the land in question. In turn they report to the Land Office. Mr. Obenchain's work consists altogether in taking care of the applications of the citizens for permits, and that is the thing that is balling up the office right now.

The CHAIRMAN. These other services make the measurements, etc.

Mr. OBENCHAIN. Yes; and the Bureau of Mines will come in after we get these permits out and they begin to produce oil. Our work is very pressing right now.

The CHAIRMAN. Nothing can be done until you grant the permits?

Mr. OBENCHAIN. Absolutely nothing. They will not spend a dollar.

Mr. SPRY. The Geological Survey furnishes us the nature of the country and its geological formation.

The CHAIRMAN. What was done after the legislative bill passed by your bureau in order to secure some of these places?

Mr. BOND. Nothing has been done up to this time.

The CHAIRMAN. You did not go to the Senate committee?

Mr. BOND. Yes; Mr. Tallman went to the Senate committee and asked them if they could not help us out, but we got no help there.

Mr. OBENCHAIN. I might say, Mr. Chairman, that at the present time we are receiving about 1,500 new applications a month, and with our present force we do well if we dispose of anywhere between 500

and 700 finally, either by issuing the permits or by final rejections, so that at that rate we are falling behind about 50 per cent.

Mr. BYRNS. Do I understand that all of these 40 clerks are needed in this particular work?

Mr. OBENCHAIN. All the clerks I have at the present time really do not belong to me. They have been gathered up from around the office.

Mr. BYRNS. I was just wondering whether this supplemental estimate for additional clerks related alone to that particular work or whether it was desired for other branches of the service.

Mr. OBENCHAIN. I think it is desired to relieve the whole office.

Mr. SPRY. Indirectly they do relate to that work because we have had to take men from other divisions and give them to Mr. Obenchain so that he would have men sufficient to handle the volume of work that is coming in, so that every division is suffering.

Mr. OBENCHAIN. And this work has required the highest class of clerks we have, because this is a very complicated situation on account of the numerous conflicts.

Mr. BUCHANAN. Will it take all the time of these 40 clerks to attend to this oil-permit business?

Mr. OBENCHAIN. Yes; and more, too, and we really have been working under extreme pressure ever since last June, when we started in on this work, owing to the insistent demand of early action by every one. We have been besieged every day and almost every day have as high as 50 requests for special action, which shows that the people are interested and are willing to spend their money in trying to develop this oil, and if they succeed, of course, the Government is going to benefit very materially.

Mr. BYRNS. And there can be no development until you act.

Mr. SPRY. No; they will not put a dollar into the work until they are pretty certain of getting a permit to operate from the Government, and we can not blame them for that.

Mr. BUCHANAN. In reference to these 10 leases which the Government is now getting \$480 a day royalty from, that evidently was some field that had already been developed, that proved to be Government property.

Mr. OBENCHAIN. Yes; it is proven ground.

Mr. BUCHANAN. It is proven ground that it was found the Government owned, and of course, they had a preference right to lease.

Mr. SPRY. Yes; and as fast as we get those things taken care of there are no more permits granted in sections of that character. No permits, in other words, are granted in proven grounds. We then proceed to lease and the various sales take place.

Mr. BUCHANAN. In proven ground a permit is granted to the man who has already developed it?

Mr. SPRY. Yes.

Mr. OBENCHAIN. That amount of income was on six permits that we have issued so far. We have issued 2,000 permits, so that even if they discover oil on 25 per cent of those 2,000, it will amount to a great deal.

Mr. BUCHANAN. But they will not do that.

Mr. SPRY. Mr. Bullion, of my office, who handles these matters, has advised me that this oil leasing act has brought in already to the

Government, \$8,356,956. Of course, the funds are divided between the reclamation fund and the States for schools, good roads, etc. Only 10 per cent of the total amount goes to the Government and he has estimated that that 10 per cent will amount to \$1,000,000 during 1922, independent of the receipts from naval reserves. So that it is money well spent if we can get the clerks to keep these applications up to date and the Government is well reimbursed for the additional expense we are asking in the appropriation.

Mr. BOND. I would like to say in connection with that estimate, Mr. Chairman, that the estimates were made before we had made some sales like the Visalia sale, where we got a bonus of \$2,880 per acre and these estimates, in my opinion, are far below what the actual amount will be and are very conservative.

Mr. SPRY. They are very conservative. We will get, in addition to the bonus, which in some instances has amounted to \$2,800 an acre, from 12½ per cent to 33½ per cent royalty on that choice land on all oil produced, so that it is not a dead load we are asking the Appropriations Committee to carry. We are perfectly willing to earn it and return it to the Treasury of the United States.

The CHAIRMAN. All of the expense of administering that act is borne out of a direct appropriation and no part of it out of the amount that goes to the States; that is to say, the 10 per cent that goes into the Federal Treasury bears all of the expense of administration.

Mr. SPRY. Yes; the Reclamation Service gets 52½ per cent and the State gets the difference of 37½ per cent, and the whole expense of operation is from the 10 per cent of the bonus and royalty.

The CHAIRMAN. From what you have said, then, the activities under that act have grown much more rapidly in the last six months than was formerly anticipated?

Mr. SPRY. Oh, yes; tremendously.

Mr. OBENCHAIN. Some of them thought that in six months we would see the end of it, but after nine months of operation we are receiving far more applications than ever before.

The CHAIRMAN. Do you think you are going to need all of this force?

Mr. BOND. Undoubtedly. We can use them at least for a year, and if the activity continues, there is no telling how long we will need them.

The CHAIRMAN. And this estimate is based on the theory that the 26 persons who are detailed to this work will be sent back to the bureaus from which they have been detailed?

Mr. SPRY. Yes; or their places will be supplied to the other divisions. As Mr. Obenchain has said, we have to have very skillful men to handle these permits so there will be no complications arising. We want to know that we are not encroaching upon other withdrawals or upon the rights of other people, and we have to have picked men to do this particular work.

Mr. OBENCHAIN. Especially when we have 25 people trying to get the same tract of land. We have had as many as 25 applications for one piece of land.

Mr. BOND. The applications are just like this [indicating] over the ground, and it is no child's play to sift them out and get them to agree on fractions. It is a very serious problem.

Mr. SPRY. In line with what these gentlemen have said, Mr. Chairman, we have been forced to let other work fall behind. For instance, our homestead work is getting behind and our contest division is falling behind, because we have had to take the most apt men and women from those divisions and put them into Mr. Obenchain's division. So that when we catch our breath on these applications for permits, we then have got to take care of the work we are deferring now in order to take care of the permit work.

FOR PROTECTION OF OREGON & CALIFORNIA RAILROAD LANDS AND  
COOS BAY WAGON ROAD LANDS.

The CHAIRMAN. You are asking for \$10,156 for the protection of the so-called Oregon & California railroad lands and Coos Bay wagon road lands.

Mr. SPRY. Mr. Chairman, I would like Mr. Bond to explain that to you, and I think he will convince you that this is not our deficit at all.

Mr. BOND. For a good many years we have gotten \$25,000 a year for the protection of these lands from forest fires. We have not the personnel or the organization to do the work. It would take more than that amount of money to organize for it. It was agreed between the two Secretaries that the Forest Service should take the work over and handle it with their experienced and trained force, and they have been doing that for some years.

The CHAIRMAN. You simply allotted the entire appropriation to the Agricultural Department?

Mr. BOND. Yes; we turned it all over to the Forest Service of the Agricultural Department. Every year we have been called upon to come before this committee and ask for a deficit, and we do not like to do that, and on December 11, 1920, the two Secretaries got together. Mr. Payne and Mr. Meredith, and they put it up to the chairman of the Committee on Appropriations, asking him to have this fund provided for in the Agricultural appropriation bill so that it would not be put on our appropriations, and we held responsible for any deficits or any other troubles that might occur, having nothing to do with the expenditure of the money. That the committee has not done, and the new commissioner, Gov. Spry, would like very much to have the committee take that up seriously and see whether or not it would be advisable to transfer that fund to the Agricultural Department, so that we could get rid of the responsibility of coming up here and asking for deficiencies.

The CHAIRMAN. I think that was declined on the theory that, growing out of a controversy a few years ago over reclamation, Congress did a very peculiar thing in taking out of the Department of the Interior certain of the national forests and putting them into another department. Unquestionably the public domain should all be administered by one department. I do not know whether it will be the Agricultural Department or the Interior Department.

Mr. SPRY. I agree with you on that matter.

The CHAIRMAN. Until there was some suggestion in regard to that matter the Committee on Appropriations felt it was very unwise to commence a plan of partial adjustment. The matter must be adjusted on broader principles, it seems to me.

Mr. SPRY. At the same time while making appropriations directly for fire protection to the Agricultural Department and an additional amount to the Interior Department, why would it not be still easier to make that appropriation in one lump sum to the Department of Agriculture which is spending the money? As you see, it puts us in a false light, and makes it appear that we are creating a deficit, when, as a matter of fact, we are not handling one dollar of the money. In view of the fact that the Department of Agriculture does handle the funds, it seems to me it would be better to make a lump-sum appropriation for that specific purpose and place it in one department.

Mr. BYRNS. Has that been the procedure during all of these years or is that a recent matter?

Mr. BOND. Ever since we asked for the appropriation.

Mr. BYRNS. But you never expend the funds?

Mr. BOND. No, sir; we have not the organization.

Mr. SPRY. Mr. Bond has said it costs more to effect an organization to handle it and in view of the fact that the Department of Agriculture has been willing to accept that service, they can handle it more cheaply because they have the organization.

The CHAIRMAN. Is this deficiency for the first fiscal year?

Mr. BOND. \$851.32 was incurred before December 1 and the total amount is \$10,156. I suppose a deficiency is being incurred per month. We have no advice on that, but the department has stated how much will occur in each of its offices. Their field units handle the business.

Mr. SPRY. We simply estimate the total deficit on June 30.

Mr. BOND. \$10,156. I suppose they are carrying the deficit right along now.

The CHAIRMAN. Have you had many serious forest fires during this fiscal year?

Mr. BOND. Last year we did, every year we have them.

The CHAIRMAN. I know you do, but have you had many serious forest fires during the last fiscal year?

Mr. BOND. I can not answer that.

The CHAIRMAN. You have only had since 1915 two deficiencies in this appropriation. It is never possible for Congress, 18 months in advance, to say what the forest fire protection will cost.

Mr. SPRY. No; we appreciate that. Our sole desire, Mr. Chairman, is to have that fund put with the people who are spending the fund, because the deficit runs against our department, and, in view of the fact that we do not spend or handle the money at all, we think it should be chargeable to the department where it is spent.

The CHAIRMAN. As far as this deficit is concerned, the money requested is the amount estimated by the Department of Agriculture?

Mr. SPRY. Yes, sir.

The CHAIRMAN. It being necessary to meet the deficit for the rest of the year?

Mr. SPRY. Yes, sir.

The CHAIRMAN. You do not know how much of that amount they are asking as a safety fund for the rest of the year?

Mr. SPRY. No, sir.

The CHAIRMAN. Does their letter indicate that?

Mr. BOND. They estimate that they will need during the period so much money, it varies from \$1,000 down to \$77, the total amount being \$10,156. Of course, we know nothing about it.

Mr. SPRY. I doubt whether there will be any serious fires between now and June 30. Those fires usually occur in July and August when everything is parched and dry and becomes inflammable.

Mr. BOND. But they must keep their patrol service on the ground?

Mr. SPRY. Their patrol service, must, of necessity, always be there. I thought the chairman was asking as to any fires that might occur. This is simply to maintain their present organization.

PATENT OFFICE.

**STATEMENT OF MR. THOMAS E. ROBERTSON, COMMISSIONER,  
ACCOMPANIED BY MR. WILLIAM I. WYMAN, CHIEF CLERK.**

FOR PURCHASE OF FURNITURE AND FILING CASES.

The CHAIRMAN. Mr. Commissioner, you are asking for a deficiency appropriation of \$10,000 for furniture and filing cases?

Mr. ROBERTSON. Yes, sir. This is an item which is in our present appropriation bill, but as the report states, at the time that our estimates were prepared the commissioner, who was there for only a few months, he thought it was the time, in his judgment, for economy and did not submit it. It is a new item of \$10,000. It was stricken out. It is absolutely necessary.

The CHAIRMAN. Is this for this fiscal year?

Mr. WYMAN. No, sir; this is supplemental for the fiscal year 1922; it is not a deficiency.

The CHAIRMAN. Then you would want it to remain available for the year 1922?

Mr. WYMAN. Yes, sir.

The CHAIRMAN. You already have an appropriation for the current fiscal year?

Mr. WYMAN. Yes, sir.

The CHAIRMAN. How much?

Mr. WYMAN. \$10,000.

The CHAIRMAN. But nothing for next year?

Mr. WYMAN. That is it.

The CHAIRMAN. Have you usually had \$10,000?

Mr. WYMAN. It is the current law. We usually get a portion of the contingent fund of the Interior Department, but not all we need.

The CHAIRMAN. That is, you require approximately \$10,000 a year for furniture and filing cases?

Mr. WYMAN. We could use from \$20,000 to \$30,000 if we were to equip ourselves properly.

The CHAIRMAN. In the past few years, have you spent as much as \$10,000?

Mr. WYMAN. This current year we are spending about \$18,000, \$10,000 from our fund and \$8,000 from the contingent fund of the Interior Department. Out of these funds are expended the sums necessary for typewriters, desks, repairs, and miscellaneous furniture, as well as filing cabinets and devices.

Mr. ROBERTSON. We have to take care every year of 50,000 patents. We have to find a storage place for them.. I am talking now about the patents that the examiners search for. They have to be mounted, so as to make them permanent, and they have to be taken care of, so they can get them out in making the searches. We have 35,000 abandoned files.

We have to abandon files every year. We have about 40,000 patented files that we take care of, so that they can be gotten out for current use. We have 50 or 80 copies of each of these patents that we have to have for court use.

The CHAIRMAN. This appropriation is very largely expended for filing cases?

Mr. ROBERTSON. Almost entirely.

Mr. WYMAN. For what we call the shoe case or drawers which are used by the examiners and which hold the patents in classified shape, we spend nearly \$10,000 alone. Then, we have thousands and thousands of feet of shelving. We have more shelving and filing cases in the Patent Office than in any other bureau, unless you except the Library of Congress.

The CHAIRMAN. What do you use, steel?

Mr. WYMAN. No; we use wood. If we bought up to date filing cases our appropriation would not touch the requirement. We have the cheapest kind of filing cases, which is really the most expensive way to equip the office. We would save money if we had the same equipment that most of the up to date commercial houses and most of the Government bureaus have.

Mr. BYRNS. There has been a disposition on the part of the subcommittee on the legislative, executive, and judicial appropriation bill to combine all of these appropriations of this kind in one department and under one head, rather than to have a separate appropriation for each bureau of the department. I was wondering whether or not Congress in making its appropriation in the bill for the current year there was any increase which might be expended for that purpose, a part of which would be available to you?

Mr. WYMAN. No. In fact, we are not getting as much net from the department as we used to. They used to pay for lumber for making the shelves.

Mr. BYRNS. For the next fiscal year they dropped out the appropriation?

Mr. WYMAN. There was no estimate submitted. There was a mistake made.

Mr. ROBERTSON. The then commissioner thought it was an extravagant item for new furniture and that it was the time for economy and he cut it out. It was a regular appropriation that should have been made. There is nothing else in the bill to take its place.

Mr. BYRNS. You said that you got about \$8,000 from the other fund?

Mr. WYMAN. Yes, sir.

Mr. BYRNS. Is there any possibility of getting more next year?

Mr. WYMAN. No; I think it might be less. You see, we are on the same status as the land office. They get a part of the contingent fund of the Interior Department, and they get about \$10,000 for filing cases. They do not begin to have the problem we have. We have

more shelving probably than any bureau of the Government, with the possible exception of the War Risk Bureau.

Mr. ROBERTSON. We have storage space for 75,000,000 copies of patents, that size [indicating]. For this last issue of patents and trade-marks I signed 1,269. Then, we have to provide space for 50 copies of each one every week as regularly as clockwork.

FOR PRINTING WEEKLY ISSUE OF PATENTS, DESIGNS, TRADE-MARKS, ETC.

The CHAIRMAN. You are asking \$75,000 "For printing the weekly issue of patents, designs, trade-marks, and labels, exclusive of illustrations; and for printing, engraving illustrations, and binding the Official Gazette, including weekly, monthly, bimonthly, and annual indexes"?

Mr. WYMAN. This expenditure is something that we have absolutely no control over.

The CHAIRMAN. That is for the rest of this fiscal year?

Mr. WYMAN. Yes, sir; that depends upon what charges the Government Printing Office makes for the issue. There is nothing that is discretionary with us. We get a certain number of copies, but do not get enough copies. Our copies become exhausted in many cases almost as soon as placed on the files.

The CHAIRMAN. What is the state of your balance?

Mr. WYMAN. Up to March 31 we had expended \$462,203.72, and we had outstanding bills of \$19,412, making a total for all contracts up to March 31 of \$481,615. That might vary a thousand dollars or \$2,000 from the estimates up to March.

The CHAIRMAN. And you have three months to run?

Mr. WYMAN. Yes, sir; on the basis of what has already been done I figure that we will need \$167,000 for those three months on a very low estimate. The patents are running a little higher for the May issue, which comes out in May. It will probably go higher than that; probably go to \$175,000, making a little over \$650,000.

Mr. ROBERTSON. Those expenses are more than paid for by the current fees.

Mr. WYMAN. We can not regulate the issue; that is entirely regulated by the applicants who pay the fees and the receipts from the sale of the weekly issues of the Official Gazette. We get about \$250,000 for the copies of the patents regularly.

Mr. ROBERTSON. Then the final fees this last year amounted to \$743,280, which the inventors paid.

The CHAIRMAN. That is in addition to the \$250,000?

Mr. WYMAN. Yes, sir.

The CHAIRMAN. Is that paid for out of this appropriation?

Mr. WYMAN. Yes, sir. There is absolutely no discretion about the expenditure of this appropriation. That is out of our hands entirely. Of course, if we do not get the money we will have to stop printing copies of specifications and drawings of patents.

The CHAIRMAN. You charge more for the copies than you used to charge?

Mr. WYMAN. We charge 10 cents.

The CHAIRMAN. It will take about \$73,000 for the rest of the year, according to your statement?



Mr. WYMAN. I think it would be safe to say \$75,000. Of course, we have no control over the issue of the patents. The number has gone up, and it looks from the May issue that it will keep right along. Of course, if we do not use the money it goes right back into the Treasury.

The CHAIRMAN. I understand that.

#### BUREAU OF MINES.

#### STATEMENT OF MR. H. FOSTER BAIN, DIRECTOR, BUREAU OF MINES.

##### MINING, PREPARATIONS, ETC., OF ORES AND OTHER MINERALS.

The CHAIRMAN. You have submitted an estimate of \$47,000 for the Bureau of Mines:

For inquiries and scientific and technologic investigations concerning the mining, preparation, treatment, and utilization of ores and other mineral substances, with a view to improving health conditions and increasing safety, efficiency, economic development, and conserving resources through the prevention of waste in the mining, quarrying, metallurgical, and other mineral industries; but with special reference to heavy clay products, cement, feldspar, slate, and other nonmetallics.

Mr. BAIN. That is the new part.

The CHAIRMAN. The rest is the regular item?

Mr. BAIN. The regular appropriation. This is a supplemental estimate, not a deficiency, to meet an emergency and is designed to assist in bringing about a resumption of building operations by reducing the cost of structural materials. We are faced with a shortage in buildings and the fact that while prices have gone up enormously in the case of brick, as much as from \$5.54 a thousand, the average in 1913 for common building brick, to \$25 a thousand last July in New York, there is a decrease of 35 per cent in production.

In the cost of materials like this there are three factors, the freight rate, labor, and fuel. The increased freight rates throw a heavier burden on the local plants. In ordinary building bricks and blocks the cost of fuel amounts to from 30 to 50 per cent of the cost of manufacture. During the war, in connection with the Fuel Administration, a fuel conservation program was started in an effort to cut down the consumption of fuel, and it is hoped with the appropriation asked to resume that work. We want to extend the studies to the extent of employing men also to study the methods of handling materials, and to see whether we can offset the higher price paid labor in these industries by decreasing the number of men necessary to do the work.

The request has come to us specifically from the big brick associations, the American Faced Brick Association, the Common Brick Association, the National Hollow Tile Association and the National Paving Brick Association. They appointed a joint committee to look into these things and raised a fund to assist in the work. That committee includes a representative of the Bureau of Mines and one from the Bureau of Standards and the three agencies have planned a joint investigation. The Brick Association put up some money, of which \$10,000 has been already allotted to the Bureau of Mines for a part of this work. That only enables us to do a small part of the

work needed and will not enable us to meet the emergency with which we are now faced in the high cost of building materials. In the future builders will have to depend more on cement, brick, and similar materials because of the decreasing lumber supply. We felt that it was of sufficient national importance right now to warrant putting in a supplemental estimate and asking you gentlemen, if you could, to approve our undertaking the work.

The CHAIRMAN. Do you think that by the expenditure of this money you can bring about through a scientific study of the problems certain standardization that will be applicable to the manufacturers of brick and hollow tile that will reduce materially the cost of production?

Mr. BAIN. I am certain something can be done, but it is impossible to measure the exact amount. We have at least this fact, that the more progressive of the brick plants are cutting down on the fuel costs by using their waste heat, and if we do nothing else but spread around among the smaller manufacturers the knowledge which the big manufacturers have done toward decreasing their costs, and how to duplicate their efforts, it will be a great deal. Our engineers tell us that in addition they can actually decrease the amount of fuel used, even in the best plants. The fuel is one of the great problems in the manufacture of brick. I was in Mason City not long ago on a trip to the West and I found Mr. Keller and went over the matter with him and I asked him how much saving could be made in brick making, which would materially decrease the cost, and he said from 20 to 30 per cent of the amount of fuel that goes into the manufacture of the brick. The total value of the brick and tile now made amounts to about \$184,000,000 a year. Thirty to fifty per cent of that cost is in fuel. Any material reduction in this will effect a saving of national importance.

Mr. BYRNS. As to the Bureau of Standards along the line of standardization, will there be any duplication?

Mr. BAIN. No; this program is a joint program. The Bureau of Standards has done very excellent work on cement, the grading of cement, so that when you buy cement you know what you are getting, but they have done nothing on the raw materials used in the manufacture of cement. The line between work of the two bureaus is drawn there. The Bureau of Mines has nothing to do with grading and standardizing the finished product, but with the methods of manufacture and the selection of the raw materials.

Mr. BYRNS. I suppose that the Bureau of Standards could do that efficiently?

Mr. BAIN. That is not in their province.

The CHAIRMAN. How much will you use for this purpose?

Mr. BAIN. \$47,000 for brick and cement.

The CHAIRMAN. What portion will you use for the cement?

Mr. BAIN. I have not thought of apportioning that particularly?

The CHAIRMAN. I thought that the Bureau of Standards was handling cement alone?

Mr. BAIN. In the matter of grading the cement, but on the methods of mining the material to make the cement and on the selection of the raw materials entering into the cement that comes to the Bureau of Mines. In other words, the Bureau of Mines studies raw materials and the Bureau of Standards the finished product.

The CHAIRMAN. I can see a very good reason for the brick men because a whole lot of men engaged in that business could not afford either to install a laboratory or to engage very much in demonstration, but you take cement manufacture, that is largely one big organization.

Mr. BAIN. I think, Mr. Chairman, that there is one phase which warrants consideration. In my last trip west I found that in Missouri, and they have a big road-building program, and they were debating the same question that you had under consideration in connection with the Reclamation Service, when it began; that is, whether it would not be economical to build a plant and manufacture cement for this work, rather than buy it. The only place they can go for their information is to the cement people, who are their competitors. The cement industry has been, to some extent, centralized, and the public wants an independent source of technical information. That might be some justification. It is hoped that an investigation will point to possible reductions in the cost of making cement and so in the end bring about a reduction in the selling price. The money would be very well expended, because we are living in a cement age, almost, and any small expenditure by the National Government which would reduce the price to the consumer would be of advantage to all the people. The study of cement, if just for the benefit of a few cement manufacturers, would hardly be justified.

The CHAIRMAN. I think you are right.

Mr. BUCHANAN. The Bureau of Standards classifies the cement and that carries with it the knowledge that they know all about cement. Why would it not be more economical to put the cement proposition in the Bureau of Standards, altogether? If you have it studied in the Bureau of Mines and then somewhere else you are dividing up the subject, why should not all the scientific side be in one bureau?

Mr. BAIN. I can only give you my idea as to that. The Bureau of Standards men are able to judge whether the cement is of the first standard or the second grade. That does not carry with it that they are the right men to determine how to mine the material in the ground, nor does it follow that they have the necessary experience in these problems to decide whether it is the cheapest way to burn the material. The study of these matters in the cement industry can be made with the least cost to the Government by using the men in the Bureau of Mines who have experience in similar industries.

Mr. BUCHANAN. Then they should take away the functions of the Bureau of Standards and put them in the Bureau of Mines—all the cement materials, etc., should be in that bureau?

Mr. BAIN. That is a matter of general organization and any plan of division of work will leave similar problems and possible overlap. We try to avoid any duplication by getting together and agreeing on program.

Mr. BYRNS. This is a different sort of work than the work done by the Bureau of Standards?

Mr. BAIN. Yes, sir. It is an industry which they touch at one end and we touch at another.

Mr. BYRNS. You would expect to expend the major portion of the appropriation on the brick industry?

Mr. BAIN. Yes, sir; but we do not want to be shut out of the other; we want to feel free to use this money as it proves wise to do in the actual administration of the work.

May I suggest at the same time that if you could take that portion [indicating] and separate it, make it a separate item, it would avoid any danger that the wording would restrict the regular appropriation. It might work a little better to just add that as a second paragraph.

The CHAIRMAN. As I understand, the appropriation will only be used for those two purposes and for no other purposes?

Mr. BAIN. And for "slate and other nonmetallics." The point is that slate is another one of the industries. At the present time in working a slate quarry they only get out a limited amount of material which they can use as slate. They have no laboratory facilities for studying their waste material and our men going into the field could do something to aid them, and so avoid waste.

The CHAIRMAN. Would it not be better to try out and see whether you could do something in one line and not attempt to enter other lines until you see how your appropriation stands?

Mr. BAIN. Any way that is agreeable to the committee is satisfactory to us.

The general fundamental law of the bureau is broad enough to cover anything necessary along these lines and we will be perfectly willing that this specific appropriation be confined to the specific purpose. There is no special object in adding those words, except that a man in studying one thing will naturally be able at the same time to throw light on others, since handling clay in a pit is the same problem whether the clay be later made into brick, tile, or cement. Studies of combustion are also necessary in most of these industries and in fact they are all closely related. Work on any of them or all of them will enter into the problem of obtaining the cheaper structural materials necessary to bring about a resumption of building.

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FRIDAY, MAY 6, 1921.

INDIAN OFFICE.

STATEMENT OF MR. S. M. DODD, JR.

FOR PAYMENT OF AUDITED CLAIMS.

Mr. BYRNS. Mr. Dodd, in House Document No. 63 you have an estimate for claims amounting to \$33,461.73?

Mr. DODD. Yes, sir.

Mr. BYRNS. Just what do those claims represent?

Mr. DODD. The greater portion of those claims are to cover the transportation of Indian supplies. For the fiscal year 1919 we estimate for \$11,924.71 and for the fiscal year 1920 we estimate for \$9,343.73, a total under the appropriation for purchase and transportation of supplies of \$21,268.44. This represents claims that have come into the Treasury and there have been audited and certified for settlement, the appropriation being exhausted.

Mr. BYRNS. What is the cause of the delay in the settlement of the 1919 claims?

Mr. DODD. These claims are presented by the various railroad companies for the transportation of supplies for the Indian Service, and just why the delay I can not say. The supplies are purchased for the Indian Service and are transported on Government bills of lading in order to get the benefit of the reduced freight rates over land-grant roads. These claims are oftentimes delayed because sometimes they have to go through an adjustment in the Treasury Department, and in that way are delayed in being settled.

Mr. BYRNS. At any rate, the services have been rendered?

Mr. DODD. The services have been rendered.

Mr. BYRNS. The supplies furnished?

Mr. DODD. Yes, sir.

Mr. BYRNS. And the claims have been duly audited by the proper accounting officer?

Mr. DODD. Yes, sir. This estimate is made up solely from a statement furnished by the Treasury Department.

Mr. BUCHANAN. And the respective amounts definitely ascertained?

Mr. DODD. Yes, sir. I might add, in connection with this purchase and transportation item, that at the time the first deficiency bill was pending before this committee we presented an estimate of \$100,000 for the fiscal year 1919 and an estimate of \$200,000 for the fiscal year 1920. The deficiency act as passed carried an appropriation of \$79,584.57 for 1919 and \$153,515.53 for 1920. The amounts appropriated were to cover claims that had actually been submitted to the Treasury Department, while we estimated for an amount sufficient to cover other claims which might come in, but Congress saw fit to appropriate for what had actually been certified by the Treasury Department.

Mr. BYRNS. What you have said is also true with reference to the claims found due for the fiscal year 1921?

Mr. DODD. Yes, sir. We do not have in the 1921 items any sum for the purchase and transportation of supplies; at the same time, several of the items, in fact, practically all of the items there listed, are for expenses in connection with transportation.

Mr. BYRNS. Have you not the funds with which to pay that amount?

Mr. DODD. My understanding is that there are no funds, and the Treasury Department has requested us to estimate for these amounts.

Mr. BYRNS. An appropriation was originally made for expenses of this kind?

Mr. DODD. The appropriations were made and would still be available if there were any balances.

Mr. BYRNS. But there are no balances?

Mr. DODD. Apparently there are no balances. If you will go down that list you will find Indian school, Genoa, Nebr., \$3,485.87; Indian school at Mount Pleasant, Mich., \$2,543.45; and several others. Now, in the Indian appropriation act for the current fiscal year an item was inserted in connection with the purchase and transportation appropriation, which reads:

*Provided further,* That the cost of inspection, storage, transportation, and so forth, of coal for the Indian Service shall be paid from the support fund of the school or agency for which the coal is purchased.

These items are to cover the expenses of transportation of coal that has been supplied to these schools and agencies.

Mr. BYRNS. Can you tell why there is such a great difference in some of these items? For instance, the one you referred to, the Genoa Indian school, Nebr., calls for \$3,485.87, and the Indian school at Mount Pleasant, Mich., \$2,543.45, whereas some of the other schools are as low as \$41.68.

Mr. DODD. Their funds may not have been so heavily obligated for other expenditures.

Mr. BYRNS. You had appropriations for these specific schools for the current year?

Mr. DODD. Yes, sir.

Mr. BYRNS. Do I understand that in every instance where these estimates are submitted the appropriations have been exhausted?

Mr. DODD. That is my understanding; yes, sir.

Mr. BYRNS. And there is no other fund from which you can draw an amount to meet these obligations?

Mr. DODD. That is my understanding. That would hold true as to all of these 1921 items.

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FRIDAY, MAY 6, 1921.

PRINTING AND BINDING FOR THE INTERIOR DEPARTMENT.

**STATEMENT OF MR. CHARLES FRANCIS GLASS, CHIEF DIVISION OF PUBLICATIONS; MR. P. P. CLAXTON, COMMISSIONER OF EDUCATION; AND MR. WILLIAM I. WYMAN, CHIEF CLERK PATENT OFFICE.**

The CHAIRMAN. You are asking for printing and binding of the Interior Department a deficiency appropriation of \$76,000?

Mr. GLASS. Yes, sir.

The CHAIRMAN. You have an appropriation for this year of \$285,000?

Mr. GLASS. Yes, sir.

The CHAIRMAN. How are you getting along with that?

Mr. GLASS. At the end of the third quarter, or during the third quarter, we had used \$34,000 of the fourth quarter's appropriation.

The CHAIRMAN. How much had you allotted for the fourth quarter?

Mr. GLASS. About \$71,000, or one-fourth of the appropriation.

The CHAIRMAN. That would leave you how much?

Mr. GLASS. About \$37,000.

The CHAIRMAN. For the rest of the year?

Mr. GLASS. For the fourth quarter. At the end of April we had about \$13,000 worth of printing on hand more than we had money to pay for in the whole quarter. In addition to that, of course, we had a large number of requests that were suspended during the last three or four months. They had to be suspended, and there is a large quantity of requests on hand that have never been forwarded to the Printing Office. The reason for the estimate for this deficiency is very plain, and I can explain to you why we are asking for it in this way. I have here a statement showing the increased cost of

printing and binding during the last four or five years. In the first place, I took three different forms of which we have had printed the same quantity for the last four or five years. I have a statement here showing a copy of the forms and the cost of printing them for the last four or five years. On the first form shown here [indicating] the increase has been 44 per cent, on the second form the increase has been 38 per cent, and on the third one the increase has been 133½ per cent, or an average on the three forms of 72 per cent increase during four or five years. We printed the same quantity of the same forms during those years. We took the forms of which we printed the same quantity each year and where there was no change in the printing.

*Comparative statement showing average increase in cost of printing office forms.*

Form No.	Quantity.	Year.	Cost.	Percentage of increase.
4-086.....	1,000	1916	\$5.10	44
		1917	5.07	
		1918	5.29	
		1919	7.68	
		1920	7.36	
4-114.....	2,000	1917	4.52	38
		1918	4.32	
		1919	5.31	
		1920	6.23	
		1916	58.20	
4-119.....	20,000	1917	106.84	133
		1918	108.59	
		1919	131.89	
		1920	136.15	
Average increase.....				72

The CHAIRMAN. On this form No. O-H-6 the cost per thousand sheets in 1919 was \$7.68, and in 1920 it was \$7.36.

Mr. GLASS. There was a reduction in that particular form. It varies a little.

The CHAIRMAN. Most of your increases were during the period covered by the war?

Mr. GLASS. Yes, sir.

The CHAIRMAN. And immediately afterwards.

Mr. GLASS. Yes, sir.

The CHAIRMAN. The big increase is in 1919, but for 1921, or this fiscal year, how about the increase as compared with 1920?

Mr. GLASS. That does not show it.

The CHAIRMAN. You had last year \$352,500, while for this year you have \$285,000.

Mr. GLASS. Yes, sir. I have prepared a statement here showing the cost of printing publications and showing how the cost has varied during the last four or five years. This statement covers annual reports reports of the Land Office, Indian Office, and Geological Survey, of which the same quantity was printed each year. The number of pages varies a little, but I give the cost per page. The increase in the case of the Land Office report for 1920 over 1917 is 26 per cent; in the Indian Office report, the increase for 1920 over 1917 is 24 per cent, and in the report of the Geological Survey the increase for 1920 over 1916 is 30 per cent. I selected reports that

were printed in the same quantity each year, in order that they might be compared accurately.

(The table referred to is as follows:)

*Comparative statement showing increase in cost of printing annual reports.*

Report.	Quantity.	Pages.	Cost.	Year.	Cost per page.	Percentage of increase.
Land.....	1,200	152	\$823.52	1917	\$5.41	.....
Do.....	1,200	184	1,259.08	1920	6.84	26
Indian.....	2,500	220	1,899.99	1919	8.63	.....
Do.....	2,500	206	2,208.71	1920	10.70	24
Survey.....	3,000	84	976.02	1916	11.62	.....
Do.....	3,000	83	1,246.07	1920	15.01	30

Mr. BYRNS. I do not exactly understand that, and perhaps I did not get your statement correctly. I understood you to say that your expenditures per quarter were a little over \$71,000, or that was your allotment.

Mr. GLASS. Yes, sir.

Mr. BYRNE. But you carried over from your last quarter \$13,000, which was due on April 30 for printing over the amount allotted?

Mr. GLASS. No, sir; during the third quarter we used money belonging to the fourth quarter.

Mr. BYRNS. That left you \$37,000 for the fourth quarter?

Mr. GLASS. Yes, sir.

Mr. BYRNS. You are asking for \$76,000, which is more than your allotment for any particular quarter.

Mr. GLASS. That is because we have so much work on hand that is suspended or held up. It is partly done, and in some cases the type has been set up.

Mr. BYRNS. That would make a total of \$113,000 for the fourth quarter.

Mr. GLASS. As against \$71,000. We always have more printing in the fourth quarter than in any other quarter of the year, because we have a lot of work that has been started in other quarters but not completed.

The CHAIRMAN. What publications are put out by the department each year?

Mr. GLASS. Well, the Bureau of Education has a good many documents; the Bureau of Mines has a good many, the Geological Survey has its own appropriation, and the National Park Service prints rules and regulations. There is not much there.

#### COST OF PRINTING ANNUAL REPORTS.

The CHAIRMAN. Do you spend much of this for the annual reports of the various bureaus and departments?

Mr. GLASS. Yes, sir.

The CHAIRMAN. What proportion?

Mr. GLASS. I should say that the annual reports of the department would cost about \$50,000.



The CHAIRMAN. I wish you would put in the record a statement showing the cost of each annual report.

*Cost of annual report of the Department of the Interior during the fiscal year 1921.*

Secretary of the Interior.....	\$2,797.15
Commissioner of Patents.....	138.44
Commissioner of Pensions.....	187.30
Commissioner of Land Office.....	1,259.08
Commissioner of Indian Office.....	2,208.71
Commissioner of Education (fiscal year).....	183.66
Commissioner of Education (calendar year).....	1,559.31
Director of Geological Survey.....	1,246.07
Director of Bureau of Mines.....	828.17
Director of Reclamation Service.....	4,030.01
Director of National Parks.....	3,234.57
Report of governor of Alaska.....	931.00
Report of governor of Hawaii.....	792.84
Superintendent Capitol Building and Grounds.....	21.59
Superintendent St. Elizabeths Hospital.....	451.03
Freedmen's Hospital (surgeon in chief).....	310.40
President of Howard University.....	62.71
President of Columbia Institution.....	182.17
Board of Indian Commissioners.....	440.48
Department reports, 1919.....	3,393.29
Department reports, 1920.....	859.88
Five Civilized Tribes.....	295.11
Total.....	25,412.97

Mr. GLASS. Yes, sir. I would like to say in regard to annual reports that the department's report which cost us last year about \$3,300, and which contained all of the bureau reports, except that of the Reclamation Service, has been printed this year at a saving of \$2,500.

The CHAIRMAN. Does the annual report come out of the first quarter's allotment or the second quarter's allotment?

Mr. GLASS. We paid for two department reports out of this year's appropriation. The Printing Office did not get the report done last year, and we paid for it out of the first quarter's appropriation this year. In the third quarter we printed this year's report, but we printed it in a new way. We did not make another complete volume of reports, but we printed an extra number of copies of each bureau report, and put them together in one volume, and electrotypes of each page were not made, and in that way got the job done at a saving of \$2,500. We did not repage the reports at all, but the bureau reports carried their own indexes, with simply a table of contents covering the two volumes.

The CHAIRMAN. Do you allot your printing and binding appropriation to the various bureaus?

Mr. GLASS. Yes, sir; at the beginning of the year, and along later in the year, if necessary, we reallocate it. We reallocated to some bureaus this year.

The CHAIRMAN. This estimate is made, I presume, on the theory that the money would be available before this, but, inasmuch as it will not be available much before June 1, you will not need this full amount, will you?

Mr. GLASS. The Printing Office is pretty well finished up with work, and they are ready now to handle a lot of this work. In many cases the type has already been set up but the work has been sus-

pendent. I think we could get a good bit of it done during the last month of the year.

The CHAIRMAN. Is it work that is essential to be printed at this time?

Mr. GLASS. Yes, sir. In cases where they have expended five or ten thousand dollars in order to get the materials for publication together, and it is certainly worth printing. Of course, in addition to the publications we have a number of forms that we must have to keep the department running.

The CHAIRMAN. How much is required now per year to print your forms?

Mr. GLASS. I believe about one-half of our appropriation goes for office forms and the other half for publications.

The CHAIRMAN. Have you a large stock of office forms on hand?

Mr. GLASS. No, sir. We try to print a three months' supply of forms. If the quantity needed of a form is small we sometimes print a year's supply at once, but if a large quantity of a form is used we print about a three months' supply. We have the plates made and all we have to do is to draw the plates out and run them through the press again.

The CHAIRMAN. The cost of paper is coming down some now?

Mr. GLASS. The cost of paper is being reduced some, but it will never get as low as it was before. The cost of labor, or the cost of the mechanical services, probably will not get lower than now. That is true, because the increase in the mechanical end of printing has not been very large during the war. It has not been as large there as it has been on the outside. Of course, where the salaries and wages were put away up, they must drop down.

#### PRINTING AND BINDING FOR EDUCATION BUREAU.

The CHAIRMAN. Dr. Claxton, you have some printing and binding done under this item?

Dr. CLAXTON. Yes, sir; I think we have \$35,000 of that. In the letter transmitting the estimate to you, which appears on page 4 of this letter from the Secretary of the Treasury, you will find a list of the manuscripts that are held up at the Government Printing Office, and which are estimated to cost \$22,900. Then the statement is made that there are \$10,550 worth of printing that had already been begun but had been suspended at the time this letter was written. The date of the writing of this was March 16. To this should be added the urgently needed printing of emergency forms amounting to \$1,550, making a total of \$35,000. Much of that is of a kind that unless it is printed now it will have comparatively little value.

Take, for instance, the second part of the report of the survey of schools at Wilmington, Del., which we made at the request of the Board of Education of the city of Wilmington. We printed the first three chapters which contained recommendations in regard to legislation. The remainder has reference to the reorganization of their schools. They are now engaged on that task, and that part of the report is held up. It has much value now, but if delayed, it will have little or no value. There are others like it. For instance, there is the report of the survey of education at Elizabeth City, N. C., which has not yet gone to the printer, although the survey was made

last fall. There is the report of the survey of education at Wheeling, W. Va., and the report on the certification of teachers in the public schools, which report ought to have been printed before the legislatures were in session this winter. The report on part-time education is a matter of interest to all superintendents of city schools, particularly at this time when they are making up their programs and courses of study or remodeling their courses of study for next year.

The others you will see printed in the list there. There should be added to this list the report of the survey of schools of Currituck County, N. C., which was made within the last two months; the report of the building survey of the schools of Raleigh, N. C.; the report of the building survey of the schools of Athens, Ga.; the report of the building survey of the schools of Colorado Springs, Colo.; the report of the building survey of the schools of Fayetteville, N. C.; the bulletins on the organization of departments of education in city schools; the survey of the colleges of the State of Arkansas, and a statement of educational conditions in the States of Iowa, Minnesota, Wisconsin, Illinois, Missouri, Kansas, Nebraska, South Dakota, and North Dakota. I have called, in cooperation with the Governor of Iowa, the State Board of Education of Iowa, and the Chamber of Commerce of the city of Des Moines, a citizens' conference on education to be held at Des Moines on June 30, July 1, and July 2. The statement I referred to is a condensed statement of the condition of higher education, city school education, the preparation of teachers for rural schools, etc., and we would like to use that survey as a basis for the discussion of those subjects in that conference.

Then there are health leaflets and courses on health teaching that we hope to get out in time for use in the summer schools for teachers this summer. They will be bought in large quantities, undoubtedly, by the superintendent of schools in cities. We also want another edition of the height and weight posters which are used very extensively. There are three more issues of *School Life*, for May 15, June 1, and June 15, and we ought to have provision also for the issue on July 1, because the real work on this edition must be done in June, or within this fiscal year. *School Life* is this 16-page journal [indicating], in which we publish matter that we formerly issued at larger cost in mimeograph sheets. We publish in it reports of important experiments in education, and other things of importance, not extensive enough to make separate bulletins. This publication goes to responsible school officers and citizens who are particularly interested in education and who subscribe for it, and to teachers. Altogether about 40,000 copies are issued, and it is published twice a month.

Mr. BYRNS. Is this publication issued free?

Dr. CLAXTON. It is issued free to responsible school officers, and others subscribe for it. I can not tell you what the subscription list is. The price is 50 cents, but I do not know how many subscribers there are.

Mr. BYRNS. It is published twice a month?

Dr. CLAXTON. Yes, sir.

Mr. BYRNS. What delay have you been subjected to in the publication of these reports and bulletins?

Dr. CLAXTON. We have had great delay this year in that matter, and we carried over quite a list from last year. A part of our present condition is due to the fact that on March 26, 1920, all work on Bureau of Education publications was suspended. We began this year with something like 35 or 36 manuscripts and bulletins at the Printing Office, and if we should get all of this \$35,000, which I hope you will give us, we would still begin next year with something like 20 or 25 manuscripts at the Printing Office, and there are in the office now 72 manuscripts. The Bureau of Education is required to disseminate information in regard to education, and there are only three ways in which we can do it: One is by traveling and personal contact, and, as you know, our travel expense fund is very much limited. The second way is through the public press, and we do as much as we can in that way, but you can not get much of our constructive information handled through the newspapers.

Mr. BYRNS. I take it, from the amount of printing you say you will have on hand on July 1, that even though you get this full amount, you will not have a sufficient allotment out of next year's appropriation to meet your expenses?

Dr. CLAXTON. No, sir. It means that we will try to get out the things that are most important. There are many manuscripts held up that were costly to have prepared. Of course, the members of the Bureau of Education are on salaries, and to make their work of value these manuscripts should be printed. We get some portion of the manuscripts out through the public press and a number of them through School Life. Recently the press has been generous to us, but that is because we have been sending them things that were more or less sensational, or of popular interest, but when it comes to constructive things it is rather difficult to get them handled by the public press. The cost of printing, of course, has increased, and we have estimated in the bureau that increase to be about 40 per cent upon the kind of matter that we print. Then, the number of bulletins that the Bureau of Education ought to print has very largely increased in the last few years.

Education is constantly more and more differentiated. Whereas 25 or 30 years ago one could cover the whole range of education in one series of bulletins, now we have various forms of teacher training, various forms of higher education, highway engineering, rural schools, and consolidation of schools, which are in the way of additional subjects. We are trying to respond to them. I have here a list of our requests for printing funds for the last four years, and a statement of what was allotted us. In 1918 we asked for \$75,000, and the allotment was \$64,000, a shortage of \$11,000; in 1919 we asked for \$88,000, and the allotment was \$65,000, or a shortage of \$23,000; in 1920 we asked for \$125,000 and the allotment was \$85,000, or a shortage of \$40,000; in 1921 we asked for \$110,000, and the allotment was \$75,000, or a shortage of \$35,000. If we had everything printed that should be printed, we would be just about that much short now.

Mr. BYRNS. You referred to the importance of getting these publications out at an early date: Is that with the idea of making use of them for discussions in summer schools for teachers?

Dr. CLAXTON. About six or eight of these manuscripts I mentioned are surveys. We make those surveys in cooperation with the cities or States or institutions for which they are made. They pay all of

the expense except the salaries of the persons whom we send from the office. We undertake to print the reports of the surveys because they all have a general value as well as a specific value for the institutions. The surveys, however, are usually made for some immediate purpose. For instance, that report on the colleges in Arkansas is to enable the State Educational Department of Arkansas to determine what institutions ought to be given certain privileges.

For instance, they want to determine whether or not their graduates should be permitted to teach in the high schools, and they are working out that policy now. This report is needed for reference. In the case of the Wilmington schools, the board has written me half a dozen times urging that we get the report of the survey to them promptly. They want to reconstruct their courses of study now while the people are interested in it. If they wait until next fall, it must wait another year. In the case of the city of Raleigh, N. C., they are putting on a general building program, and the same thing is true of Athens, Ga., and the other places for which building surveys have been made. They want to take up their building programs immediately. We sent them the report in manuscript form for the use of the boards or superintendents, but in order to get the proper backing for an issue of bonds that must be voted for they want the reports distributed among the people. That is true of most of these reports covering building surveys.

Mr. BYRNS. So that a delay in the publication of some of these reports until after the beginning of the next fiscal year would possibly detract greatly from their value?

Dr. CLAXTON. It would. They would then have only a very small fraction of their present value. We can always get much better results when the interest in these matters is keen. I do not know how many bulletins there are now at the printing office on which a part of the work has been done, or where the type has been set, and the work held up. That work can not go forward.

Mr. BYRNS. I understood you to say awhile ago that work on publications had been stopped because you did not have the funds. Of course I think that everyone realizes the value of information of that kind, especially when money has been spent in securing it.

Dr. CLAXTON. That is the only way we have of getting it out.

#### PRINTING AND BINDING FOR PATENT OFFICE.

Mr. WYMAN. We have a deficiency estimate for the Patent Office.

Mr. BYRNS. Did Mr. Glass mention that?

Mr. WYMAN. We have a separate appropriation for printing and binding patent specifications and the Official Gazette. We came in before on that. For the balance of our printing we obtain our money from the general fund obtained by the Interior Department, and this estimated deficiency includes our own requirements.

I was going to say, in behalf of the demands of the Patent Office, that we are asking for nothing but what is necessary to do the routine work of the office and the business of the office, that is, things that are not optional on our part whatever. Apart from the increased cost of printing, our increased expenditures are due to an increase in our business, which amounts to about 40 or 50 per cent over 1918. The demands are overwhelming.

Mr. BYRNS. What do you estimate your deficiency in printing will be?

Mr. WYMAN. About \$25,000. A lot of requisitions which were put in last year were carried over into this year's liabilities, so that we did not start with a clean sheet; we started with \$8,000 against us at the beginning of the fiscal year.

Mr. BYRNS. What is the usual allotment?

Mr. WYMAN. About \$25,000 or \$30,000. It was \$32,000 this year.

Mr. GLASS. His allotment was \$28,000, but he was running short and we gave him \$4,000, which was borrowed from other bureaus.

Mr. WYMAN. We started with \$8,000 against us at the beginning of the fiscal year.

Mr. BYRNS. Why will you need \$25,000 in addition? That would make your allotment this year \$57,000, less the \$8,000.

Mr. WYMAN. Yes; but we need that money for the items that are tabulated in the letter of transmittal. There has been a 40 per cent increase in the business of the Patent Office over 1918, and a great many books that should have been bound in previous years have not been bound on account of the lack of funds. They are in such a dilapidated state that it would not pay the Government to defer the rebinding of those books. However, we have thousands of documents that should be bound; they are constantly consulted by the public and are in loose condition. Those things, besides the ordinary requirements of the office, will necessitate the expenditure asked for. I will say that our volumes are probably used to a greater extent than those of any other public service in this city. If you will go to the Patent Office library, you will see a place, so to speak, that has an overpopulation, while if you go to any of the other libraries of the city—while they may be used to the extent for which they were designed—you will find that they look apparently empty when compared to the appearance of our library and search room. You will find hundreds and hundreds of books where the covers are torn because of frequent use and from delay in binding them; they should have been bound two, three, or four years ago, but we have never had money enough. We use all the money we can for that purpose.

Mr. BUCHANAN. How about the appropriation for the next fiscal year?

Mr. WYMAN. Well, that will probably be deficient. Every once in a while we have to come in and ask for a special appropriation for binding. There are probably tens of thousands of patents from abroad that are in loose condition and which should be bound. We are on a service basis and every service we give is paid for by the public; it is purely a business proposition and the whole arrangement is made on that basis. However, we are not giving the service that the public is paying for because of the lack of money to render that service. We do not issue any documents defending the purpose of the Patent Office or to expound its advantages; everything we issue is of a purely utilitarian character. For instance, we issue thousands of copies of the rules of practice in answer to inquiries and correspondence as to how to proceed to obtain a patent. There is nothing fancy in those pamphlets; there are no pictures and there is no propaganda being carried on; it is all of a utilitarian character. There is not anything done in the way of printing that is not of that character. We do not issue any reports or pamphlets that are not

explanatory of the methods by which we conduct our business. Last year the Patent Office turned over a surplus of more than \$300,000, and the receipts over expenditures, during the whole history of the Patent Office, amount to something like \$8,500,000.

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SATURDAY, MAY 7, 1921.

SMITHSONIAN INSTITUTION—PRINTING AND BINDING.

**STATEMENTS OF MR. W. DeC. RAVENEL, ADMINISTRATIVE ASSISTANT TO THE SECRETARY IN CHARGE OF THE NATIONAL MUSEUM, AND MR. J. WALTER FEWKES, CHIEF, BUREAU OF AMERICAN ETHNOLOGY.**

The CHAIRMAN. You are asking for an appropriation for printing and binding for the Smithsonian Institution of \$36,702.70, and are also asking that that amount remain available during the fiscal year ending June 30, 1922?

Mr. RAVENEL. That is for the National Museum and the Bureau of Ethnology.

The CHAIRMAN. Then, in Document No. 52, you are asking for \$5,000 additional, required by the Smithsonian Institution for the printing and binding of the Annual Report of the American Historical Association?

Mr. RAVENEL. I do not know of that at all. I did not know the Smithsonian had submitted it.

The CHAIRMAN. What is the necessity with regard to this other item?

Mr. RAVENEL. As regards the National Museum, I should like to make a statement with reference to the condition that existed at the beginning of the year. On July 1, 1920, we had in the hands of the Public Printer manuscripts and binding that he estimated would cost \$25,463.60 to complete, which had been carried over from the fiscal year 1920. Realizing that it would be necessary to practice the most rigid economy to get through this year, the advisory committee on publications, which consists of members who represent the different scientific interests in the museum, were instructed to send in as few manuscripts as possible for approval. We rejected quite a number of manuscripts entirely and other manuscripts by members of the museum staff which would ordinarily be included. We permitted them to publish them in private magazines at private expense. In December the Public Printer advised the institution that the museum's printing had all been stopped, which we supposed, of course, was under the law requiring that we should only expend one-half of the appropriation in the first six months. But again in April we got a further statement from him that all publication would cease, and that we had approximately a deficit of \$26,702.70. Since that time I have had a conference with him and received another statement, which shows that the deficit is \$25,045.42. I beg to say that this is not a deficit in the sense that we have spent that money, so far as I know. We have bills amounting to thirty-four thousand and odd dollars, but we have also a statement from him showing that they have manuscripts and unbilled work amounting to \$27,138.78.

The CHAIRMAN. That is in excess of your appropriation?

Mr. RAVENEL. The total is \$25,045.

The CHAIRMAN. Then, you have about \$2,000?

Mr. RAVENEL. That shows that we had approximately \$2,000. I have a list of the unfinished publications here which I should be glad to file if you desire to have it. I notice that in this list of unfinished publications a great many papers embraced in the preceding volumes have been printed and sent to us. Of course, we have no bills for those. We do not get any bills for settlements of that character until the volume is completed.

The CHAIRMAN. That is not included in the Public Printer's statement?

Mr. RAVENEL. I think it is in the unbilled statement. I had a conference with the Public Printer over the phone and he urged that we should make every effort to secure a sufficient appropriation to finish up all of this work by the end of the year, that otherwise we would start next year in exactly the same condition we were in in July. With \$25,000 of unfinished work that leaves us with less than \$12,500 for all classes of printing that we are obliged to do during the year. When I say "obliged to do," we would not be obliged to do it if we did not have money. We should do it, because the papers prepared by the scientific staff, which is the result of research work, will have to be either held up or printed elsewhere, and foreign investigators receive the credit for the work that we have really done in advance of them.

Then, we have a lot of label work. I just brought over a few samples. That [exhibiting] cost \$2,000 or more. This is the label used on the exhibition cases, and also thousands and thousands are printed to put on the reserve specimens because otherwise they would lose their identity. This is the type of label [exhibiting] used in the Gallery of Art. Up to the first of July, as you know, we paid for all of that work. A label is of no value unless it gives sufficient information to the public so they do not have to have a guide to take them through. The Museum claims for its labels, that any man can go through and read the labels and get sufficient information with reference to the specimen under observation.

THE CHAIRMAN. I take it that you have been compelled to materially reduce the amount of printing you have been putting out by the Smithsonian from the fact that your appropriation has remained stationary and the prices of paper and printing have advanced materially in recent years?

Mr. RAVENEL. I wanted to bring out that very point, that the estimates that we get frequently are clear below the actual cost of the work, especially if there are any illustrations. In the last two or three years they seem to have gone up tremendously. In one case we had a book estimated to cost a couple of thousand dollars that cost a great deal more. I asked the editor to investigate that and to see how it was possible.

The CHAIRMAN. Suppose we give you the money to clean up the work that you are asking for; can you get through next year with your appropriation?

Mr. RAVENEL. Yes; we promise that. It is because we have been behind for nearly three years on account of the high cost of everything during the war. We should have the same amount of printing now. We have cut it down in the last year. We have rejected



manuscripts and returned them to the authors and have had the work of our own men published in private scientific magazines in order to keep within the limit.

The CHAIRMAN. Are any of the publications sold by the Public Printer?

Mr. RAVENEL. Some of them. All of them are sold under authority of law.

The CHAIRMAN. That is what I mean.

Mr. RAVENEL. Yes, sir.

The CHAIRMAN. Dr. Fewkes, you have included in this \$36,702.70 some items for your special work.

Mr. FEWKES. Yes; so I understand. I think it would clear the atmosphere a little if I explained a certain difference which exists between the publications of the Smithsonian Institution or more especially of the Bureau of Ethnology and other bureaus of the Government. Our publications, those of the Bureau of Ethnology, overlap year after year. We are printing very elaborate monographs which take years to prepare and often take years to print—we can not get them out necessarily in 12 months, and as a consequence we can not clear the decks every year, but we have to overlap our appropriations. We get from time to time from the Public Printer a statement of our account which is looked over by me, and in it appears what is called a deficit.

The use of the word "deficit," with all respect to the Public Printer, is not exactly appropriate. Is it an estimate of all that would be required to finish all our work in the Government Printing Office for that year. This year we are asking not for a deficit of \$10,000, but the amount required if all the work we now have in the Public Printing Office be completed this year. As a matter of fact the Public Printer can not print everything we have before June 30. Something must go over on account of the nature of our publications. Not long ago I received a notice that we must close up all work on our publications on account of a "deficit." The printing of our reports has now stopped or is being stopped. This is unfortunate, because we have quite a number of reports just about ready to be printed. For instance, we have now in press the Thirty-fourth Annual Report, and we have five following annual reports. One of them is the thirty-fifth, which has been released for printing; another would probably have been released on June 1 if we had not been stopped; another will be revised in two weeks; and the entire composition of a third one could have been completed on June 30. We can cease work until we begin on the appropriation next year, but it would simply delay us in getting this valuable matter to the public and bring it up to date.

When I took charge of the Bureau of Ethnology, some two or three years ago, I found that our publications were very much in arrears as regards the correspondence of the report to the year to which it belonged; our reports are four or five years behind. That was due mainly to the nature of the publications and to other reasons. I am trying to get them up to date, so that the report of each year will appear as nearly as possible in the following fiscal year, and it is my hope that we can get this additional money for that purpose. I want to emphasize the fact that I am not asking for a deficit, but am simply attempting to carry on our work in such a businesslike way that we can print as rapidly as possible and bring our publications to date.

SMITHSONIAN INSTITUTION,  
Washington, May 9, 1921.

The Hon. JAMES W. GOOD,  
*House of Representatives, Washington, D. C.*

DEAR MR. GOOD: I am inclosing herewith a letter of May 9, from Mr. H. B. Learned, chairman committee on publications, countersigned by Mr. Boyd, editor of the American Historical Association, on the subject of the supplementary allotment requested for the American Historical Association.

Very truly, yours,

C. D. WALCOTT, *Secretary*

AMERICAN HISTORICAL ASSOCIATION,  
Washington, D. C., May 9, 1921.

DR. CHARLES D. WALCOTT,  
*Secretary Smithsonian Institution.*

MY DEAR SIR: The occasion for the supplementary allotment requested for the American Historical Association is due to the accumulation of arrears extending over a series of years.

The difficulties and delays have been such that the report for a particular year could not be put through the press before the end of the fiscal year had been reached. Consequently, large balances remained unexpended and have been turned back to the Treasury.

Of the allotment of \$7,000, the balance unexpended in 1916 was \$4,000; 1917, \$450; 1918, \$1,900; 1919, \$4,900; 1920, \$1,000; yet as late as June 5, 1920, there was an apparent deficit, according to a communication from the Acting Public Printer, of \$4,588.09.

The supplementary allotment requested, therefore, asks only for reappropriation in part of sums made available for the association by the Government in the past but not used.

It is believed that the \$5,000 will enable the association to clear the arrears that have proved so embarrassing.

Very truly, yours,

H. B. LEARNED,  
*Chairman Committee of Publications.*  
ALLEN R. BOYD,  
*Editor.*

FRIDAY, MAY 6, 1921.

## AGRICULTURAL DEPARTMENT.

### STATEMENT OF MR. WHARTON MOORE, CHIEF ACCOUNTANT, BUREAU OF PUBLIC ROADS.

#### FOR PAYMENT TO CERTAIN NEWSPAPERS FOR ADVERTISEMENTS.

MR. BYRNS. You have an item calling for an appropriation to pay certain newspapers for advertisements inserted in those publications for bids on road machinery, the Dallas Morning News, \$44.28, the Fort Worth Star-Telegram, \$34, and the Gazette Publishing Co., \$18.40, in all \$96.88.

MR. MOORE. That is under the Bureau of Public Roads, and was caused by our district engineer, located at Fort Worth, Tex., not having prior authority, signed by the Secretary, to insert the advertisements, as required by law. On account of his unfamiliarity with Government practice and procedure he overlooked it and we never discovered it in the bureau until it was too late. We made an effort to have it paid by the auditor and comptroller, but they both turned it down on account of failure to secure prior authority, and we adopted the only other means we have, namely, that of coming to Congress for an appropriation.

Mr. BYRNS. The advertisements were published in these newspapers and this amount is due the various publications?

Mr. MOORE. Yes, sir.

Mr. BUCHANAN. The order from the Secretary was merely a formality and would have been granted?

Mr. MOORE. Yes, sir; if he had asked for it in time it would have been granted.

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FRIDAY, MAY 6, 1921.

BUREAU OF ANIMAL INDUSTRY.

FOR ERADICATION OF TUBERCULOSIS—PAYMENT OF INDEMNITIES.

STATEMENT OF DR. JOHN R. MOHLER, CHIEF BUREAU OF ANIMAL INDUSTRY.

The CHAIRMAN. You are requesting an appropriation of \$405,000 to enable the Bureau of Animal Industry, Department of Agriculture, to perform the duties imposed upon it by the Agricultural appropriation act approved May 31, 1920.

What is the act of May 31, 1920?

Dr. MOHLER. That is the Agricultural appropriation bill in which the appropriation for the current year was made for the different activities of the Bureau of Animal Industry and this work of tuberculosis eradication is one of the various items.

The CHAIRMAN. This is the tuberculosis eradication item?

Dr. MOHLER. Yes, sir. For the current year we have an appropriation for tuberculosis eradication of \$1,480,440, which is divided so that we can spend not to exceed \$800,000 of that amount for operating expenses, that is, for the employment of inspectors to tuberculin test herds of cattle, traveling expenses, subsistence and things of that character; and the remaining sum of \$680,440 is for the indemnities to be paid to the owners of the reacting cattle. Our present plan, in accordance with the law, is to give the farmers one-third of the difference between the salvage of the reacting animals and their appraised value, not to exceed \$25 for a grade animal and \$50 for a pure-bred animal.

The State must pay at least one-third and the owner loses the balance. The work has grown by leaps and bounds and is one of the most popular activities the bureau has ever undertaken. It is carried on by voluntary agreement without compulsion being used at any time. The reason we are coming to you now for a supplemental appropriation is in order to continue the work the way we have conducted it during the first nine months of this fiscal year. The work practically ceased on the 1st of April except where waivers were obtained from the owners because, although we had plenty of funds for the operating item, the indemnity item was almost exhausted.

The CHAIRMAN. Is the amount you can pay out in indemnities limited in any way, except by the amount of your appropriation?

Dr. MOHLER. Yes, sir; it is limited by the amount of both the Federal and State appropriation and also by the amount we can pay

for each individual animal. We can not pay more indemnity than the State pays.

The CHAIRMAN. But what I was trying to get at was whether or not you had any appropriation for the operating end of your service that could be used to pay the indemnities?

Dr. MOHLER. No, sir. Mr. Chairman, we thought probably that could be done as we have a surplus and will continue to have quite a surplus in the operating fund, but we have practically exhausted or obligated the indemnity fund. In order to find out whether these funds were intertransferable, the secretary requested a decision from the Comptroller of the Treasury, and his decision was that owing to the language of the law it would be impossible to transfer any of our surplus in the operating item to this indemnity fund or vice versa.

The CHAIRMAN. The appropriation for the operating expenses will lapse on the 1st of July?

Dr. MOHLER. Yes, sir.

The CHAIRMAN. How much of an unexpended balance will you have on that date?

Dr. MOHLER. At the present time the prospect is that about \$60,000 will be unexpended. Even if we get this supplemental appropriation and take up the work where we left off, we will still have probably \$18,000 left on July 1.

The CHAIRMAN. How much have you paid out in indemnities this year?

Dr. MOHLER. Up until the 1st of April we paid out \$505,437, but the entire balance will be practically absorbed, that is within \$2,000, by the accounts on hand. You understand these diseased animals are appraised by one or more disinterested parties and the appraisal then goes before different boards, depending on the rules in the different States. In Ohio every appraisement has to be passed on by a board of 15 members. Some months they pass every account but they meet only every 30 days. The next month they may hold up three or four accounts. So it is very difficult on account of this delayed presentation of claims to keep the expenditures under the indemnity item right up to date. We still have the difference between \$505,437 and the \$680,440 appropriated for indemnities unexpended, but practically obligated.

The CHAIRMAN. You say the work stopped on April 1, how about the slaughtering of animals, did that stop?

Dr. MOHLER. All slaughtering that would cause any obligation on the funds stopped. We have a large number of herds which we call "accredited herds," under this method of getting rid of tuberculosis which we have to test every six months or every year. We are using our inspectors to go around, jumping very large distances, to make tests of these and similar herds that have already been tested once or twice and sometimes three or four times, so that the amount of money to pay traveling expenses and salaries is practically the same, but they are not finding many diseased cattle because they are working in herds that have already been tested and found clean or practically so. We had to stop the work on all badly diseased herds, as well as new herds where the farmers wished to have their herds tested for the first time, unless the owners would agree to waive the Federal indemnity if funds were not available, or to hold their reacting cattle until July 1, next. The farmers are so

interested in getting healthy herds that quite a number have signed such agreements.

The CHAIRMAN. How about the scope of the territory covered by this eradication work? Are you working in practically every State?

Dr. MOHLER. Yes, sir; that is another reason for the indemnities jumping so rapidly since January 1. At the present time we are working in 47 States and the Territory of Hawaii. There is only one State—California—with which we are not working. Since the 1st of last December 36 States have had sessions of their legislatures, and practically all of those State legislatures have appropriated funds amounting to almost \$4,000,000. Several States put in an increased number of men since the 1st of January, and, of course, as we are cooperating, their broadened activities naturally obligated us to meet our portion of the increased indemnities. For the first eight months of this year there were found by the tuberculin test over 32,000 tuberculous cattle, whereas for the same months of the previous year there were found only 18,000 reactors. This is not an indication that tuberculosis is on the increase, because there were tested during the first eight months of this fiscal year 792,000 cattle, with 4.1 per cent of reactors, whereas during the previous year for the same months there were tested 419,000 cattle, with 4.3 per cent of reactors.

Another fact that should be taken into consideration is that the market value of cattle has decreased to an extraordinary degree; in fact, the salvage received from the sale of tuberculous cattle was approximately \$12 per head less during these eight months than during the previous fiscal year, thus making it necessary that the department pay a larger percentage of indemnity than heretofore.

The CHAIRMAN. Doctor, if your work stopped on April 1, and if in nine months you had only paid out \$505,000, you can not pay out \$405,000 within one month.

Dr. MOHLER. Understand, Mr. Chairman, that is only the money that has actually been paid out by our accounting office. There are many of these vouchers that are in the process of being paid, but we have not paid out more than \$505,437, although, as I say, the total amount is practically obligated.

The CHAIRMAN. The \$405,000?

Dr. MOHLER. No; the entire amount of \$680,440 already appropriated for indemnity is obligated.

The CHAIRMAN. And the \$680,000 does not include the \$405,000?

Dr. MOHLER. No; not at all. We have not done a thing to encumber the supplemental appropriation asked for and do not propose to until we get some evidence that this item is going to become law.

The CHAIRMAN. Suppose you had evidence it was going through, would the work require at this time the expenditure of \$405,000 for the remainder of this year?

Dr. MOHLER. I believe so, Mr. Chairman. We have been going along finding at the rate of about 6,000 tubercular animals per month. When this emergency appropriation was requested, it was about the 15th of April and we figured there would be 1,500 reacting animals in the month of April to be paid for, and 6,000 for each of the months of May and June at the rate of \$30 per head, which is the average indemnity we are now paying. Reports that we have received from the field stations show that since April 1 the cattle

owners have waived Federal indemnity unless funds were available, to the extent of approximately \$30,000, and that the amount of Federal indemnity due on cattle that are being held for slaughter after July 1 amounts to approximately \$71,000. It would be to the best interest of the work to slaughter these diseased animals at once and to pay indemnities to all farmers alike. This we shall do if funds become available for this purpose.

The CHAIRMAN. That would take up then practically all you have together with the amount you are requesting.

Dr. MOHLER. Yes, sir.

The CHAIRMAN. Doctor, I have received a good many letters with regard to this matter from various parts of the country and a great many of the Members of Congress have spoken to me about it. There seems to be a very general demand both out of Congress and in Congress that this work should not be stopped, because by stopping it, perhaps, we will lose some of the ground you have already gained in regard to the eradication of tuberculosis.

Dr. MOHLER. That is very true.

The CHAIRMAN. It is very hard for the subcommittee to say what Congress will do, but my own impression is that there is quite a demand in Congress for this relief.

Mr. BUCHANAN. Is it your idea that this tuberculosis can ever be eradicated?

Dr. MOHLER. Yes, sir; there is no question but what we can eradicate tuberculosis very readily from certain States within the next 10 years.

Mr. BUCHANAN. I mean completely.

Dr. MOHLER. In the southeastern sections of the country we can eradicate it completely without much trouble within a relatively short period of time. For instance, in Mississippi we tested 35,000 cattle this spring and found only 71 reactors. Up in New York State we tested about 51,000 cattle and found 9,700, or almost 20 per cent, of them infected. I do not think we can clean up New York and certain other States completely during my lifetime, but I believe we can eradicate tuberculosis from more than 50 per cent of the area of the United States in less than 10 years, provided we receive the continued cooperation of Congress, State legislatures, and livestock owners.

The CHAIRMAN. Then you think notwithstanding the lateness of the date at which this appropriation would be available you will require it all or nearly all for the rest of this year?

Dr. MOHLER. Yes, sir. Mr. Chairman, this ruling the Comptroller of the Treasury made was to the effect that if we sign up agreements with the farmers this year and can not get to their herds until after the 1st of July, the money appropriated this year will still be available on contracts made this year, even though the animals are not slaughtered until after the first of the next year.

Funds appropriated by State legislatures and amounts paid for indemnities by State and Federal Governments.

There is just one statement I would like to add. The State funds that have been appropriated by these 36 State legislatures I have referred to amount to \$3,861,000.

The CHAIRMAN. Doctor, I wish you would put that table in the record, and if you have a table showing the disbursements by States I would like to have that also.

Dr. MOHLER. Yes, sir; I shall do so. In addition to that, there were emergency appropriations asked for by these various States amounting to \$977,000 which would correspond to our supplemental appropriation of \$405,000.

*State funds for tuberculosis work July 1, 1921, to June 30, 1922, also emergency appropriations.*

State.	Appropriation for 12 months beginning July 1, 1921.	Emergency appropriations to complete year ending June 30, 1921.
Alabama.....	\$5,000	
Arizona.....	3,000	
Arkansas.....	3,000	
California.....	<sup>1</sup> 50,000	
Colorado.....	4,000	
Connecticut.....	<sup>1</sup> 75,000	\$20,000
Delaware.....	50,000	
Florida.....	<sup>1</sup> 20,000	
Georgia.....	5,000	
Idaho.....	30,000	10,000
Illinois.....	<sup>1</sup> 150,000	<sup>1</sup> 40,000
Indiana.....	<sup>1</sup> 135,000	
Iowa.....	250,000	
Kansas.....	50,000	
Kentucky.....	50,000	
Louisiana.....	2,000	
Maine.....	<sup>1</sup> 100,000	
Maryland.....	50,000	
Massachusetts.....	<sup>1</sup> 100,000	
Michigan.....	<sup>1</sup> 150,000	<sup>1</sup> 150,000
Minnesota.....	141,400	50,000
Mississippi.....	5,000	
Missouri.....	50,000	
Montana.....	100,000	
Nebraska.....	<sup>1</sup> 150,000	
Nevada.....	25,000	
New Hampshire.....	75,000	35,000
New Jersey.....	80,000	35,000
New Mexico.....	3,000	
New York.....	500,000	400,000
North Carolina.....	30,000	
North Dakota.....	50,000	
Ohio.....	<sup>1</sup> 150,000	
Oklahoma.....	<sup>1</sup> 85,000	
Oregon.....	70,000	
Pennsylvania.....	<sup>1</sup> 100,000	60,000
Rhode Island.....	20,000	
South Carolina.....	15,000	
South Dakota.....	50,000	15,000
Tennessee.....	5,000	
Texas.....	30,000	
Utah.....	10,000	
Vermont.....	200,000	60,000
Virginia.....	15,000	
Washington.....	50,000	20,000
West Virginia.....	25,000	
Wisconsin.....	<sup>1</sup> 500,000	<sup>1</sup> 75,000
Wyoming.....	25,000	7,000
Hawaii.....	20,000	
Total.....	3,861,400	977,000

<sup>1</sup> Appropriations not passed to date, May 3, 1921.

# SECOND DEFICIENCY APPROPRIATION BILL, 1921.

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*Amounts paid in indemnities by State and Federal Governments from July 1, 1920, to Apr. 1, 1921.*

State.	State.		Federal.	
	Amounts paid.	Average per head.	Amounts paid.	Average per head.
Connecticut.....	\$16,159.26	\$39.03	\$8,471.46	\$20.46
Delaware.....	51,393.03	55.08	23,862.07	25.65
Idaho.....	4,328.71	31.88	8,328.71	31.88
Illinois.....	37,469.75	35.01	36,450.69	34.06
Indiana.....	29,210.79	47.42	20,258.27	32.88
Iowa.....	81,619.43	44.88	57,321.21	31.52
Kansas.....	14,287.94	69.94	6,515.36	31.93
Kentucky.....	16,287.24	80.23	5,712.99	28.13
Maine.....	20,932.43	64.60	8,175.20	25.23
Maryland.....	10,641.78	20.27	10,596.22	20.18
Massachusetts.....	500.00	38.46	340.77	26.21
Michigan.....	23,920.31	83.05	12,672.57	44.00
Minnesota.....	31,402.55	31.84	10,931.65	10.06
Missouri.....	10,247.23	34.27	10,187.23	34.07
Montana.....	30,626.03	74.56	10,989.85	29.38
Nebraska.....	18,345.13	37.52	18,350.14	37.45
Nevada.....	9,430.36	42.29	5,586.85	25.05
New Hampshire.....	1,850.00	71.15	1,225.00	47.12
New Jersey.....	9,574.75	73.49	5,032.27	38.86
New York.....	238,158.90	105.13	73,686.79	32.66
North Carolina.....	2,940.21	28.26	2,940.21	28.26
North Dakota.....	15,531.72	17.47	9,738.17	10.65
Ohio.....	6,477.65	59.98	3,092.17	28.72
Oklahoma.....	19,569.54	82.35	8,982.35	36.21
Oregon.....	13,826.31	38.84	10,783.08	30.29
Pennsylvania.....	1,324.21	52.96	635.22	33.40
Rhode Island.....	1,735.00	66.73	710.00	27.30
South Carolina.....	1,629.19	18.10	1,629.19	18.10
South Dakota.....	30,662.49	49.45	17,442.72	28.13
Texas.....	9,155.68	45.10	9,150.68	45.07
Utah.....	1,176.76	25.58	1,166.69	25.38
Virginia.....	8,879.39	37.94	6,498.72	27.76
Vermont.....	65,186.20	45.39	38,030.40	26.55
Washington.....	13,063.65	27.16	12,983.51	26.99
West Virginia.....	5,373.39	63.21	2,488.70	29.27
Wisconsin.....	42,843.86	34.85	42,843.86	34.85
Wyoming.....	2,197.25	35.44	1,407.20	22.69
Total.....	901,978.12	48.91	505,437.27	29.40

FRIDAY, MAY 6, 1921.

## FOREST SERVICE.

### STATEMENT OF COL. W. B. GREELEY, CHIEF FOREST SERVICE.

#### FOR PROTECTION OF OREGON & CALIFORNIA RAILROAD AND COOS BAY WAGON ROAD LANDS.

The CHAIRMAN. You are asking for \$130,000 in this item for fighting and preventing forest fires, and then you are going to try to get something out of the department of the Interior for the protection of the Oregon & California and the Coos Bay Wagon Road lands, are you not?

Col. GREELEY. Yes, sir.

The CHAIRMAN. What is the object of that? You do not need that money, do you?

Col. GREELEY. We have taken over the protection of the Oregon & California grant lands at the request of the Interior Department.

The CHAIRMAN. You did that a long time ago?



Col. GREELEY. Yes; we have been working under that arrangement for several years.

The CHAIRMAN. You have had \$25,000 a year, but now you are jumping that up \$10,800 more, as I recall.

Col. GREELEY. They have incurred, or we incurred in handling that work, an actual deficit of \$851 to date. We have two fire-months still to go through and it is just a question as to what extent Congress wants to gamble with the timber values on 2,000,000 acres of public land.

The CHAIRMAN. We have always thought the department, and particularly your department, would take care of your forest fires, and then when you needed some money, would come in with a request and we would give it to you.

Col. GREELEY. Yes, sir.

The CHAIRMAN. That has been the understanding before?

Col. GREELEY. Yes, sir; and that is the present situation.

The CHAIRMAN. So you need \$890?

Col. GREELEY. No; to carry the O. and C. grant lands through to July 1 and be reasonably safe, in view of our experience with May and June fires in that country, there should be a deficiency appropriation of \$10,000. That will leave a little over \$9,000 actually available.

Mr. BYRNS. Suppose you should have a fire on these lands, could you not use your balance under this other appropriation?

Col. GREELEY. Not unless we could show that the protection of the particular tract of O. and C. lands could be construed as protection of a national forest, because of their proximity. These lands are not a part of any national forest.

The CHAIRMAN. But if a fire got out on these lands, it might spread into the national forest.

Col. GREELEY. That would be true in some cases and in other cases not. But this must be considered—the remainder of the 1921 appropriation for fighting fires in national forests is available for expenditure only in emergencies. This item can not be used for the regular patrol force which must be employed during May and June on the O. and C. lands to protect them adequately and for which the regular appropriation was more than exhausted last summer.

The CHAIRMAN. You never had, though, at this season of the year, an unencumbered balance in that appropriation of anything like \$10,000.

Col. GREELEY. I can not give you figures of the balances during the last two or three years, but we have had some balance at this season of the year invariably, whereas this year there is an actual deficit of \$851.

The CHAIRMAN. I understand that.

#### FOR FIGHTING AND PREVENTING FOREST FIRES.

For fighting and preventing forest fires directly under your control. you are asking for a deficiency of \$130,000?

Col. GREELEY. Yes, sir. I am going to suggest that the committee cut the item to \$100,000. I found in making a check of the item that we had included \$30,000 under liabilities that had been actually paid, so I think that with \$100,000 we can get by during the remainder of this fiscal year.

I should like to give you a brief statement of how we actually stand. The original amount carried by the appropriation act for 1920 gave us \$250,000 for fighting fires and a deficiency appropriation which Congress gave us, by the act of March 1, 1921, added \$725,000. That was \$100,000 less than we asked for. This makes the total appropriation to date \$975,000. Our actual expenditures to the 1st of May were \$937,562, leaving an unexpended balance for the rest of the fiscal year of \$37,438. Against that balance liabilities have been incurred for recent fires in the Southwest, now reported under control, of approximately \$10,000, which leaves us to finish the fiscal year with approximately \$27,500 available for fire fighting purposes.

May and June are two months during which under normal climatic conditions we must expect between 500 and 1,500 forest fires. We are endeavoring to strengthen our protective organization every year so as to extinguish those fires without having to resort to emergency expenditures, and we do catch and extinguish the greater part of them; but we are certain to have a certain number of forest fires during May and June that will require emergency expenditures for the employment of temporary labor and for subsistence and supplies. The average fire expenditures during May and June over a considerable period of years have been between \$140,000 and \$150,000. The maximum expenditure during those two months was \$187,000, and I feel that in proposing to meet the situation during these ensuing two months with a total of \$127,000 we are taking as much of a chance as the Government ought to take.

As you have just indicated, Mr. Chairman, it has been the policy of Congress to have our forest-fire expenditures handled largely on a deficiency basis; that is, the committees followed the policy of giving us a relatively small appropriation for this purpose and then looked to us to come to Congress for a deficiency appropriation when that small amount proves insufficient. We have had to come to Congress for deficiency appropriations during 7 fiscal years out of the past 11.

For the fire season which occurs during the summer months—that is, from July to September, the deficiency system will work, because we have our regular appropriations to draw upon and we can, with the authority of the Secretary of Agriculture, devote funds appropriated for other purposes to meet these fire liabilities for the time being, until Congress recoups the fire fund. Our situation at the very end of the fiscal year is totally different. Our other appropriations are exhausted or are approaching exhaustion. When this fire appropriation is depleted we will have nothing to turn to, and if we should have a series of bad forest fires during the months of May and June, without the additional fund that we are now asking for, as far as I can see we would be powerless to meet the situation.

A fire in a heavily timbered region is not to be gambled with any more than a fire in a great city, and a forest fire that is not brought under control promptly may rapidly cause an enormous destruction of both public and private property. It often means the wiping out of communities, and it has often meant the loss of human lives. We certainly should have a reasonable sum to meet the usual situation during May and June as our experience indicates.

## MONTHLY EXPENDITURES.

The CHAIRMAN. What is your monthly rate of expenditure with your present force, just in normal times like at present?

Col. GREELEY. Our regular force for fire protection costs approximately \$1,600,000 a year and that expenditure occurs mainly in six months. Does that answer your question?

The CHAIRMAN. No. That is assuming that you have forest fires?

Col. GREELEY. Yes, sir.

The CHAIRMAN. I mean at this season of the year you have certain employees for patrol purposes that you pay whether you have a fire or not?

Col. GREELEY. Yes, sir.

The CHAIRMAN. How much does that amount to a month?

Col. GREELEY. That would amount to approximately \$200,000 a month for May and June.

The CHAIRMAN. You would not have enough money then if we only gave you \$100,000?

Col. GREELEY. No. I am speaking of the forest officers carried under the regular appropriation.

The CHAIRMAN. I will put that question in another way.

Col. GREELEY. This appropriation, Mr. Chairman, is not drawn upon unless an emergency exists which the regular force can not handle.

The CHAIRMAN. Your regular fund is intact at the present time?

Col. GREELEY. Our regular fund is intact at present; yes, sir.

The CHAIRMAN. You have enough money to carry your regular force, about \$200,000 a month?

Col. GREELEY. Yes, sir; \$200,000 a month for rangers and guards provided for in the regular appropriation.

The CHAIRMAN. This fund is only drawn upon when you hire additional men to fight the fire?

Col. GREELEY. Yes, sir; when it requires the employment of additional labor. When the number of fires does not necessitate the expenditure of the full amount the unexpended balance reverts to the Treasury. I should like to give you a figure or two on that. During a number of past years varying amounts from this fund have reverted to the Treasury, because the character of the season did not necessitate expending the full sum. In 1915 only \$312 reverted to the Treasury. In 1912, a year during which Congress made a very large emergency appropriation, \$953,000 reverted to the Treasury. Last year, the fiscal year 1920, when we had a deficiency appropriation which Congress made, as we are now asking you to make this one, \$83,873 reverted to the Treasury.

That was a spring of exceptional moisture throughout the West and we had few forest fires during May and June. Just what the present season will be I can not foretell, but we should be provided with a sufficient fund to meet the average conditions.

The CHAIRMAN. From 1915 to 1920, inclusive, you never had in this fund for the whole year more than \$150,000, so that at this season of the year I doubt whether you had more than \$27,500.

Col. GREELEY. We had deficiency appropriations in addition to those items.

The CHAIRMAN. I do not find any except for the present fiscal year.

Col. GREELEY. I can give you those figures if you wish them. We have had deficiency appropriations in 1911, 1915, 1916—

The CHAIRMAN (interposing). How much in 1916?

Col. GREELEY. The deficiency in that year was only \$57,300. We had another deficiency in 1918.

The CHAIRMAN. How much?

Col. GREELEY. Seven hundred and seventy-five thousand dollars. In 1919 we secured an allotment of \$665,000 from the President's fund for national security and defense, equivalent to a deficiency, and in 1920 the deficiency appropriation was \$2,950,000.

The CHAIRMAN. Can you give the amount which you had on hand on May 1 of each of those years?

Col. GREELEY. No, sir; I can not, but in making up these deficiency items at the time when the deficiency bills were considered we asked for enough to make good the deficiency actually incurred plus a sufficient amount to carry us through the spring season.

The CHAIRMAN. I wish you would put into the record your balances, say, for the years 1917 and on, on May 1.

Col. GREELEY. Yes, sir.

(The statement referred to is as follows:)

Fiscal year:	Unexpended balances of fire fund on May 1.
1917.....	\$37,859.63
1918.....	37,347.96
1919.....	119,942.78
1920.....	215,093.17
1921.....	27,500.00

In 1917, \$14,090 and in 1918, \$72,230 were transferred to the Fire Fund from other appropriations in order to pay May and June bills. There will be practically no unexpected balances in other 1921 appropriations available for such transfer.

#### OLYMPIC NATIONAL FOREST—FOR REAPPROPRIATION OF UNEXPENDED BALANCE.

The CHAIRMAN. The next item is—

Olympic National Forest: The unexpended balance of the appropriation of \$100,000 for emergency expenditures incident to the disposal of wind-thrown and intermingled or adjoining timber on the Olympic National Forest and for emergency measures necessary to protect from fire the timber on the Olympic National Forest, made in the deficiency act of March 1, 1921, is reappropriated and made available during the fiscal year 1922 for expenditure for the purpose named in the act.

Col. GREELEY. This does not involve an additional appropriation, but does involve reappropriation of the portion of the \$100,000 carried by last session's deficiency act which will not be expended during the present year.

We had on January 29 last an exceptional hurricane which wrought very extensive damage to the timber on the western portion of the Olympic Peninsula in the State of Washington. This hurricane laid down approximately six or seven billion feet of timber, scattered over an area about 75 miles long and 30 miles wide. The loss is distributed over national forest land, land owned by the State of Washington, and land in various private holdings. It created a

very serious fire menace because the timber that has been blown down is intermingled with six or seven times as much stumpage that is still standing.

This special item was requested last winter to provide immediately for special protection of the large area where this blown-down timber has created a veritable fire trap, and also to enable us to carry forward salvage work as rapidly as practicable. The intent of the item was to provide for these purposes during the remainder of the fiscal year 1921 and all of the fiscal year 1922, but the Comptroller of the Treasury has ruled that the item is expendable only during the fiscal year 1921.

The amount expended by June 30 next will be approximately \$47,000. That money has been used to open up the roads and trails through this devastated region, to construct a considerable number of additional trails in order to make the various parts of the damaged area accessible, to put in telephone lines, and to install special fire-fighting equipment, including a number of pumps operated by gasoline and carried on light trucks, so as to be moved as far as the roads will go. The 1921 expenditures will also be used to organize a special protection force of patrolmen and guards to cover this area thoroughly during the months of fire danger. The State of Washington also made an appropriation of \$100,000 for similar purposes, and we are cooperating closely with that State in carrying out a joint plan in order to give this region the intensive protection that it needs. The private owners whose holdings are damaged or threatened are also cooperating. It is a joint project between the Federal Government, the State of Washington, and the private owners of timber lands. The situation is extremely critical. The Olympic Peninsula contains one of the largest areas of timber left in the country, which this fire trap, resulting from the blow down, now menaces with destruction. Only a very intensive system of protection can save it.

The \$53,000 that will remain unexpended on the 1st of July will probably be sufficient to carry this work through the ensuing year. For that reason we are requesting language which will make the unexpended balance of this appropriation available.

The CHAIRMAN. You are not using the sawmills turning this timber into logs?

Col. GREELEY. No, sir. We are using a portion of the fund for estimating the timber that can be salvaged and for logging plants in order to get that timber before the attention of possible purchasers.

The CHAIRMAN. You have done that?

Col. GREELEY. That will be carried on during the rest of this fiscal year and continued until we have exhausted every possibility of salvage. The salvage situation is difficult because of the inaccessibility of the country.

FRIDAY, MAY 6, 1921.

## MISCELLANEOUS EXPENSES.

## STATEMENT OF MR. R. M. REESE, CHIEF CLERK.

## FUEL.

The CHAIRMAN. You are asking \$9,000 "For an additional amount required to meet the increased cost of fuel for the central power plant of the Department of Agriculture"?

Mr. REESE. Yes, sir.

The CHAIRMAN. You have an appropriation this year of \$136,000 and a deficiency of \$10,000?

Mr. REESE. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. REESE. At the beginning of the fiscal year we set out of this appropriation the sum of \$54,000 for fuel during the fiscal year, that being at the price of \$6.75 a ton, the best estimate we could make. The price rose very rapidly during the fiscal year, and in September of 1920 the price was \$9.60 per ton, and in November it rose to \$10.44 a ton. The allotment for fuel was entirely insufficient. As of March 31 we have a balance in that item of \$2,964.

The CHAIRMAN. Are all your bills paid?

Mr. REESE. Up to April 1, I believe.

The CHAIRMAN. You will not need any fuel after that?

Mr. REESE. We need it right now.

The CHAIRMAN. You will not need \$9,000 for the rest of the year?

Mr. REESE. For the same period last year (April, May, and June) we consumed 1,360 tons, and we are figuring on that quantity, at \$8.50 a ton, for the same three months of this year. That comes to \$11,560. The \$9,000 that we are asking for, plus the balance of \$2,964, will just about cover the fuel requirements for the period.

The CHAIRMAN. What would you do if you had your department in one of the rented buildings where they turn off all the steam on the 1st of May?

Mr. REESE. We would shiver, I suppose.

The CHAIRMAN. When do you turn off the steam?

Mr. REESE. When we can. We have turned it off already once or twice, and we have had a long howl from various directions about giving the people colds. It is important to point out that the heating of the buildings is not the only use for fuel. The same power plant which heats the buildings also produces electric current for light, operation of elevators, and for a great variety of electric motors used in scientific investigations. In fact, during the heating season the steam is used first for the production of electric current and the exhaust turned into the heating system. The production of electric current is a year-long necessity, and while the consumption of fuel drops from about 40 tons per day in very cold weather to about 10 tons per day in warm weather, fuel is an absolute necessity the year round.

FRIDAY, MAY 6, 1921.

## FOR CONSOLIDATION OF THE ADDRESSING, DUPLICATING, AND MAILING WORK.

**STATEMENTS OF MR. J. L. COBBS, CHIEF, DIVISION OF PUBLICATIONS, AND MR. R. M. REESE, CHIEF CLERK, DEPARTMENT OF AGRICULTURE.**

Mr. BYRNS. You are asking that the following be carried in the bill:

To enable the Secretary of Agriculture to pay all necessary expenses, including labor and material, involved in consolidating the addressing, duplicating, and mailing work of the Department of Agriculture in the District of Columbia, \$5,000, to remain available for the fiscal year 1922.

Mr. COBBS. We have had under way in the department for some time a study of the feasibility and advisability of combining this addressing and duplicating work. At the present time we have two rather large sections of that sort, one in the Division of Publications and one in the Bureau of Markets, as well as a number of small sections in some of the various bureaus. We have gone into the thing pretty thoroughly and we have arrived at the conclusion that it will be more economical to do the addressing and duplicating work for the department in one section than to do it in the various bureaus, as is done at the present time. The survey which we made last year showed that there were something like 95 duplicating machines in the department and that approximately 25 per cent of those machines were idle 50 per cent of the time. It is our plan, therefore, to bring all of this work into one section under the Division of Publications and to combine the machinery and personnel that is necessary for doing that work under one responsible head.

We estimate, according to the preliminary figures that we have obtained, that we will be able to release for other work in the bureaus approximately 10 per cent of the personnel that is engaged on the work there now, which will mean a saving, as we estimate it, of approximately \$10,000 or \$12,000 a year. That does not take into account the possible saving which might be effected by a consolidation of the purchase of paper and machinery. In order to make the consolidation we are going to have to make some changes in the location of the present sections. The Division of Publications addressing and duplicating section is now in one building and that of the Bureau of Markets is in another; they are the two largest sections, and we propose to combine those two, with the addition of such other machinery and personnel, by transfer from the other bureaus, as will be needed to take care of all the work, and locate the consolidated section in the three top floors of the building which is now occupied in part, by the Bureau of Markets' duplicating section. That is going to necessitate a transfer of the Bureau of Markets' supply rooms, which now occupies that space to one of the temporary structures. The Bureau of Markets and the Bureau of Crop Estimates will be combined on the 1st of July under one bureau, and the supply room of the latter bureau has already gone to Building F. We propose to move this other supply room from its present location, in Linworth Place, to Building F, where it will be combined with that of the Bureau of Crop Estimates, and to transfer the personnel and

machinery now located in the Division of Publications building to the building in Linworth Place, where it will be possible to consolidate it with the Bureau of Markets section. That is going to necessitate the erection of some partitions and shelving in all of the buildings.

The estimate is: For strengthening and erecting shelving that will be required in Building F, \$1,300. We shall have to make new arrangements for office space in the Division of Publications' Building in order to bring into that building two other sections of the work which are now located in separate buildings, the Office of Exhibits and the Office of Information that will require \$2,000; the necessary shelving and miscellaneous fittings in the Linworth Place Building are estimated to cost \$500; the expense of moving the Bureau of Markets' supply section to Building F and the addressing, duplicating, and mailing section into the Linworth Place Building will be \$1,000; the expense of moving the Office of Exhibits and Office of Information into the Publications' Building will be \$200, making a total of \$5,000. Against that, as I have said, we estimate the saving which I have indicated.

Mr. BYRNS. Suppose that work were deferred until after the beginning of the next fiscal year; is there any fund that you could use for that purpose out of the appropriations for the next year?

Mr. COBBS. Mr. Reese is in a better position to tell you about that than I am. So far as the Division of Publications is concerned our appropriations are so small that we have not any fund that could be used for that purpose. Mr. Reese can tell you about any other funds that might be available.

Mr. REESE. The expense of the material for this work would be properly chargeable against the appropriation "Miscellaneous expenses" if that appropriation could stand it, but it is not sufficient to see us through; in fact, I have before this committee—and hope to have a chance to speak on it—an item of \$9,000 for a supplemental estimate to meet the cost of coal for this present fiscal year. It would be a very close shave to try to take this \$5,000 out of the next year's appropriation in view of the uncertainty as to what the cost of fuel is going to be in that year.

Mr. BYRNS. How does your appropriation for next year compare with that for the current year?

Mr. REESE. It is larger, but there was a specific addition made to that appropriation for the purpose of purchasing a new boiler and doing some other repair work in the power plant. That was set forth in the hearings at the time and they allowed us an increase of \$25,000 for that specific purpose, a part of it for the purchase of a new boiler and the rest of it for replacing a steam line which is worn out and leaking.

#### FUEL.

Mr. BYRNS. You say you have a deficiency of \$9,000, or will have this year?

Mr. REESE. I am prepared to speak, when you are ready, on the item of \$9,000 now before this committee for this present fiscal year.

Mr. BYRNS. Your appropriations for the present fiscal year, including the deficiency already allowed, amount to \$146,000, and you have



been allowed \$161,000 for the next fiscal year, and you say you are going to put in a boiler costing how much?

Mr. REESE. The proposals have not come in, but in all probability the cost of the boiler and installation will be close to \$15,000. The estimate of the cost of replacing the steam line, which is very long, is about \$10,000.

Mr. BYRNS. So your appropriation next year will be about the same as it has been for this year?

Mr. REESE. It will be the same, taking out the cost of the boiler and the cost of the new steam line. It will remain then at exactly the same figure.

Mr. BYRNS. And you have a deficiency of \$9,000 this year which is due to the increased cost of fuel?

Mr. REESE. Yes.

Mr. BYRNS. You do not expect it to be as high next year as this year, do you?

Mr. REESE. I did not expect it to be as high this year as it had been, sir; and in estimating at the beginning of the fiscal year as to what should be set aside for coal, I took a chance on estimating at \$6.75 a ton, thinking that that would probably be a safe average for the year through; but it was nothing like enough. The cost of fuel in September, 1920, ran up to \$9.60 and in November to \$10.44 a ton.

FOR CONSOLIDATION OF THE ADDRESSING, DUPLICATING, AND MAILING WORK.

Mr. BYRNS. I was just wondering, if this particular appropriation of \$5,000 was not made, whether the fund of which Mr. Reese speaks is available for this particular work, and whether you would not be in a better position at the next session of Congress to know definitely whether you would have enough money to get through the fiscal year.

Mr. REESE. That could be done, Mr. Byrns.

Mr. BYRNS. I do not know what the committee will do about it, but I am quite sure the committee would not want it to be understood that the committee was not in favor of the change merely because they did not allow the appropriation, if you are going to save \$10,000 or \$12,000 down there in addition to saving all the lost motion you speak of. Of course, that is something for you gentlemen to decide.

Mr. COBBS. We have gone on the assumption that the normal charges against the fund Mr. Reese has that would be available for that purpose during the fiscal year will be all or more than it could stand, and that this expense would strain it to a point where we would have to ask for a deficiency, probably, in some other amount. Of course, it is very desirable from our standpoint, to consolidate as quickly as we can, because, in addition to the savings we will effect, there is the question of administration. For instance, the Division of Publications is now occupying five buildings scattered all over that part of town and this will enable us to bring two more of the offices into the division building and centralize the duplicating work in an adjoining building, so that from my standpoint, from an administrative standpoint, it is very desirable to get it done as soon as possible.

Mr. BYRNS. Of course, this bill will probably not become a law before June 1 or about a month before the bill for the next fiscal

year goes into effect. I do not know whether there would be any advantage gained within that month by proceeding with this consolidation or not.

Mr. REESE. There would be some advantage. The space to which we have been assigned in Building F is now assigned to us and lying idle. If we can get \$5,000 made immediately available we will start without delay and carry it through in a very short time, and get the two units of the Bureau of Markets and the Bureau of Crop Estimates consolidated into one in that building, and the saving of time is of great interest to us, if it can be done. We would rather start as soon as possible, of course.

Mr. BYRNS. Will the appropriation for the next fiscal year, 1922, be available for the purpose of making this consolidation?

Mr. REESE. It will be available for the purchase of the necessary material, but not for the payment of any necessary labor involved in doing the work.

Mr. BYRNS. Is there any other fund which could be drawn upon to pay for the labor end of the work?

Mr. REESE. There is no other fund that could be drawn upon.

Mr. BYRNS. These estimates you speak of have all been carefully considered and gone over?

Mr. COBBS. Yes; we made a very careful survey of the matter. We have postponed getting additional figures this spring, not knowing just when the appropriation would become available or when the matter would come up for a hearing, as a matter of fact. We had wanted to have all the data necessary to make the move immediately up to date. These figures are about a year old but they are the result of a very careful survey that was made of the whole duplicating business in the department, and I feel that they will very closely approximate what the actual figures will be.

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FRIDAY, MAY 6, 1921.

STATES RELATION SERVICE.

STATEMENT OF DR. WALTER H. EVANS.

FOR ESTABLISHMENTS AND MAINTENANCE OF AGRICULTURAL EXPERIMENT STATIONS IN INSULAR POSSESSIONS.

The CHAIRMAN. The item in which you are interested under "States Relations Service" is "General expenses, States Relations Service: To enable the Secretary of Agriculture to establish and maintain agricultural experiment stations in the insular possessions, including the same objects specified under this head in the Agricultural appropriation act for the fiscal year 1922, \$20,000, distributed as follows: Alaska, \$5,000; Hawaii, \$5,000; Guam, \$5,000; and the Virgin Islands, \$5,000." Is this a new thing?

Dr. EVANS. It is not, Mr. Chairman. These are supplemental estimates to enable us to get through the next year, continue the same work, and undertake some that has been rather forced on us.

Mr. BUCHANAN. This is for 1922?

Dr. EVANS. Yes, sir; it is supplemental.

The CHAIRMAN. You asked for 1922——

Dr. EVANS (interposing). All of these items were estimated for some time ago.

The CHAIRMAN. Did you get your appropriation?

Dr. EVANS. No, sir.

The CHAIRMAN. You asked for \$80,000 for the fiscal year and got \$75,000?

Dr. EVANS. We asked for Alaska \$120,000 and got \$75,000. For Hawaii we asked for \$70,000 and got \$50,000. For Porto Rico there was no increase asked. For Guam we asked for \$40,000 and got \$15,000, and for the Virgin Islands we asked for \$30,000 and got \$20,000.

The CHAIRMAN. After the House passed on that item did you go to the Committee on Appropriations of the Senate?

Dr. EVANS. That matter was before the Senate, but I do not know whether they considered the matter or not; that question was brought up to them. For some reason, I do not know why, the Guam appropriation was cut from \$20,000 in 1921 to \$15,000. Our salary and labor roll, without any other expenses, for the Guam station for the present fiscal year is just about \$15,000, so that will leave us absolutely nothing for any other expense. We have gone to the great expense of getting pure-bred stock to Guam to improve the quality of the live stock, and the reduction in the appropriation will necessitate our sacrificing a lot of the breeding stock and stopping a great amount of the field work that has been in progress ever since 1911.

The CHAIRMAN. You bought that live stock last year?

Dr. EVANS. Some of that live stock was bought and shipped a year ago last January.

The CHAIRMAN. Did you buy it out of this appropriation?

Dr. EVANS. Out of the \$25,000 appropriation for 1920.

The CHAIRMAN. You will not have to buy any this year, so you should be able to take care of that.

Dr. EVANS. We have the natural increase of stock that now comes along and we have to maintain that stock and, as I say, our salary and labor roll, basing it on the past year, is just about \$14,700.

The CHAIRMAN. Do you not have some other income?

Dr. EVANS. None. All of the income from the station goes into the Treasury Department as miscellaneous receipts; there was about \$12,000 deposited last year.

The CHAIRMAN. You are putting up a pretty hard proposition to this committee. Another subcommittee has just passed on this and it has gone through the House and gone through the Senate. Now, you would not have us sit here and review what another subcommittee has done?

Dr. EVANS. There have been some other features to come up since the matter was presented to the other committee. All of the items, except for the Guam Station, are for the purpose of carrying on extension work in Alaska, in Hawaii, and the Virgin Islands. The Smith-Lever bill that provides for extension work throughout the United States does not apply to any of these outlying territories, and we do not get a cent from that source for any of this extension work. We have been at work in Alaska for 23 years and have gotten

some excellent results in live stock, vegetables, and fruits. What we want to do is to get men to go from valley to valley and teach settlers the most of whom were formerly miners, fishermen, or trappers, and who have taken up homesteads in the Matanuska, Tanana, and other valleys. We want to teach them how to make use of the methods our stations have developed in the last 23 years. That matter was brought up by the Delegate from Alaska, who sent to the Secretary early in April a request for \$5,000, and he urged very strongly that this work be undertaken to the end that some one may go in and teach these people, many of whom are wholly ignorant of agricultural practices. We want to teach them what we have discovered in our stations during the years that we have been working there. We did a little of that work during the war emergency from our regular appropriation.

We shut down some of our regular investigations, and did work in the Tanana Valley, and got them to producing some of the material that they consume. The result was that by using varieties of wheat, oats, and other cereals that the stations have developed in that northern latitude, there was in the neighborhood of 5,000 bushels of grain grown in the Tanana Valley in the one year of 1919, and there were sufficient potatoes produced to practically supply the demand for all the people in the region contiguous to Fairbanks. We want to carry that same information into other parts of Alaska, and teach those people that they do not need to depend on canned goods altogether, or that they do not have to bring all of their grain and flour from Pacific ports.

The CHAIRMAN. Can you not do that by picking up your equipment and carrying it into some other valleys? You have carried on your demonstration work in some of the valleys, and there is no use in staying there all the rest of your lives.

Dr. EVANS. We have invested in permanent equipment at those places, and it would be a difficult matter to pick it up and carry it somewhere else, particularly as the stations are located some 250 miles apart. Alaska is a large Territory.

The CHAIRMAN. You think it is necessary to carry on this extension work there?

Dr. EVANS. Yes, sir; I think it is.

The CHAIRMAN. How many stations do you have?

Dr. EVANS. We have five. I think there ought to be at least that many, and possibly another. We are supporting five stations there from an appropriation of \$75,000, and there is no experiment station in the United States, from Rhode Island to Texas, that is supported at a cost of only \$15,000.

The CHAIRMAN. How much do you have in the way of receipts that are turned into the Treasury?

Dr. EVANS. The amount turned in last year was approximately \$12,000, but none was returned to the stations for their use.

The CHAIRMAN. Have you added much to the herds up there?

Dr. EVANS. Yes, sir; we bought last year approximately \$7,500 worth of stock.

The CHAIRMAN. What kind of stock?

Dr. EVANS. Cattle, hogs, some goats, and some sheep. We are not doing anything with horses, except the horses that we have to use for work purposes.

The CHAIRMAN. You said that something has come up in connection with this?

Dr. EVANS. The Delegate from Alaska took it up, and numerous letters have been received from Alaska urging us to put someone into extension work to teach these people how to farm. The same thing is true of Hawaii, and we want to use the sum requested for Hawaii in the same way. We want to undertake the work also in the newly acquired region of the Virgin Islands, which I visited last year. We have a station located on the Island of St. Croix. It was located there by the Danish Government, and had been in operation eight years before we assumed it. There is nothing whatever being done, however, on the Islands of St. John and St. Thomas. St. Thomas is probably the most populous island of the three, but the island of St. Croix has the largest agricultural area.

ISLANDS OF ST. CROIX AND ST. THOMAS, VIRGIN ISLANDS.

The CHAIRMAN. There is not much agricultural land on the island of St. Thomas?

Dr. EVANS. There is a good deal of land capable of agricultural development on St. Thomas, but instead of growing fruits and vegetables sufficient to supply their own needs, when I was there last spring practically all of the fruits and vegetables used there were brought from Porto Rico and the British Island of Tortola. There is no reason why they should not supply their own fruit market and vegetable market if they were trained in agriculture. Most of those people live around the harbors and depend upon the shipping. They know very little about agriculture, but there are possibilities. I saw that demonstrated in one or two gardens.

The CHAIRMAN. The fruit that you will grow there will be confined to a very few varieties?

Dr. EVANS. No, sir; there is a great range of tropical fruits, such as the people of Porto Rico and the people of Jamaica grow. They are not grown to any extent on St. Thomas.

Mr. BUCHANAN. How many people are on the island of St. Thomas?

Dr. EVANS. I think the population of St. Thomas is about 16,000 or 18,000. Nearly all of them are located right around the bay.

Mr. BUCHANAN. Is it a mountainous country?

Dr. EVANS. It is rather mountainous.

Mr. BUCHANAN. Is it like Hawaii?

Dr. EVANS. The mountains are nothing comparable to those of Hawaii. The highest point is only about 1,400 feet.

Mr. BUCHANAN. There are little valleys in between the hills and mountains that they can cultivate?

Dr. EVANS. Yes, sir.

Mr. BUCHANAN. Is it volcanic?

Dr. EVANS. No, sir; it is not volcanic, or it was not except in very remote geological times.

Mr. BUCHANAN. There are little valleys in between the hills and mountains that they can cultivate.

Dr. EVANS. There is a ridge running lengthwise of the island.

Mr. BUCHANAN. A rocky ridge?

Dr. EVANS. Yes, sir; a rocky ridge with rather gradually sloping sides. Then, there are little valleys here and there. Along the shore

line, particularly on the northern side of the island, there are very very considerable areas that can be cultivated.

Mr. BYRNS. Do you think that the natives who have been living around the harbors would accomplish anything if they were taken where they would have to exert themselves to the extent required of farmers?

Dr. EVANS. They will have to come to the point of finding something to do, because the shipping has fallen off so much at St. Thomas that there is very little livelihood to be gained in working around the docks.

Mr. BYRNS. It will be a case of necessity?

Dr. EVANS. It will be a case of necessity.

Mr. BUCHANAN. Does that land belong to private owners in large tracts?

Dr. EVANS. It belongs to private owners in various tracts, from 1 acre up. There is a good deal of it owned by persons who have little shacks and small areas of land. In many cases they have nominal leases on lands.

Mr. BUCHANAN. I suppose those little tracts are around the towns and that all the people live around the towns?

Dr. EVANS. There are very few people on St. Thomas except those around the towns. On the island of St. Croix the population is more scattered, and they live on farms and plantations that are quite generally distributed throughout the island.

Mr. BYRNS. How long has that station been located there?

Dr. EVANS. The Danish Government located it in 1912.

Mr. BYRNS. Have there been any appreciable effects produced from it?

Dr. EVANS. Most of the work for a good many years was devoted to sugar-cane development. They paid very little attention to diversified agriculture. Sugar cane, sea-island cotton, and corn were the three things that the Danish experiment station gave attention to. Since the time we have taken it over we have undertaken to introduce some other things, such as forage crops, for instance, and we are introducing tropical fruits of varieties that they never knew before. We expect to take up something in the way of live stock and dairying. The main thing in connection with the Virgin Islands is to enable us to get away from St. Croix and carry on work on St. Thomas and St. John, where agriculture used to flourish, but where it has been practically abandoned. I saw remnants of many old sugar plantations on St. Thomas. I saw old mills standing there abandoned, with the plantations grown up or gone more or less to tropical jungle, simply because of the fact that after the abolition of slavery they could not produce sugar economically on those hillsides.

#### ISLAND OF GUAM.

From the administrative standpoint the most serious situation is in connection with the Guam Station.

The CHAIRMAN. What is the situation there?

Dr. EVANS. Our appropriation has been cut so that it is necessary to restrict the work. The agronomist, a most excellent man, has resigned because he did not care to carry on the work on that reduced scale. That leaves us without an agriculturist or agronomist. In

order to replace him, I do not believe we can get a man qualified as he was for the salary that we were paying him, which was only \$2,400, plus the bonus. We can not operate the Guam Station on an appropriation of \$15,000. I have figured the thing backward and forward and in every other way, but I can not see how it will be possible.

The CHAIRMAN. Did you put that matter before the House committee?

Dr. EVANS. We presented the item to the House committee, never thinking that they were going to cut the appropriation.

The CHAIRMAN. They gave you just the same?

Dr. EVANS. They gave us \$15,000, and we had \$20,000 last year, including a deficiency appropriation of \$5,000.

The CHAIRMAN. How large a herd of stock have you there?

Dr. EVANS. We have approximately 50 head of pure-bred cattle and various grades, something like an equal number of swine, about 20 or 30 goats, 6 or 8 pure-bred horses, including a stallion that is used for general service in the neighborhood, and something like 200 Rhode Island red chickens. We introduced all of those animals, and we are meeting with splendid success in getting the people to appreciate the value of better stock. It was a very difficult matter. The first lot that was sent to Guam went down there in 1911 on the United States Transport *Dix*, which used to ply between Seattle and the Philippines. After that they would not take any more stock for us unless we paid \$500 per day extra for three days of steaming. Not being able to get the cooperation of the War Department in carrying any other stock, the breeding work was confined for a number of years to the stock sent in 1911. In 1920 we got the means of transporting additional stock. We bought a lot more of Berkshire hogs, some additional young bulls, and quite a lot of poultry, and carried them to Guam. As one of the San Francisco papers featured it, it was a new Noah's ark going to Guam. After a very strenuous passage they arrived in Guam, after losing several head on the way. A couple of pigs were washed overboard and one cage of chickens was washed overboard.

Mr. BUCHANAN. Does the Government own pasture lands for stock down there?

Dr. EVANS. Yes, sir; we own land there.

Mr. BUCHANAN. How much?

Dr. EVANS. Altogether, about 1,600 acres.

Mr. BUCHANAN. Is that territory level or mountainous?

Dr. EVANS. There are a great many valleys.

Mr. BUCHANAN. How does it compare with St. Thomas?

Dr. EVANS. It is not nearly so rugged as St. Thomas.

Mr. BUCHANAN. How many people live there?

Dr. EVANS. About 20,000.

Mr. BUCHANAN. Are they huddled around towns, too?

Mr. EVANS. To a considerable extent, although through the work we are doing, they are getting back on the ranches. I do not wish to criticize the Navy Department, which has control of the island, but a condition arose in Guam that became so serious that they asked us to make a survey of the island and correct, if possible, an extreme situation. Some of the earlier governors conceived the idea that in order to do something they should build roads, and they built roads.

increasing the compensation for labor from time to time, until finally they had everybody off the ranches building roads.

Then the time came when there were no more roads to be built. The people had been off the ranches for years, and they had grown up with tropical weeds, trees, shrubs, etc., and the people would not go back to the ranches because they had been accustomed to getting \$1 per day for work on the roads. We started in 1909 and have been pursuing the policy of cooperating with those people as closely as possible, and now the production of material for their own consumption is very much increased, and it is not necessary, as it used to be, to bring everything they eat from San Francisco.

Mr. BUCHANAN. Of what nationality are they?

Dr. EVANS. They are Chamorras.

Mr. BUCHANAN. What is their color?

Dr. EVANS. They are something like Filipinos, although there is a large mixture of Spanish. They are a very tractable people, and once you get their confidence they will do almost anything you tell them to do.

Mr. BUCHANAN. Are they like the native Hawaiians?

Dr. EVANS. They are very different from the native Hawaiians. The native Hawaiian will not take to agricultural pursuits any more.

Mr. BUCHANAN. I mean as a people.

Dr. EVANS. Yes, sir; they are something comparable to the native Hawaiian, I should say. We have been carrying on some extension work in agriculture in Guam for some time. We have been successful in getting a very active young man to do that, and in a letter I had from him a few days ago he reports that the boys' and girls' clubs that are carrying on there sold \$12,000 worth of their last year's produce. That represents about the advance that has been made in the year and a half since we took up that work. They grow quite a good deal in the way of vegetables and corn, and they produce copra, which the children sell. There is rising up there a new generation of agriculturists that will probably be vastly superior to the earlier ones that were taken off the ranches to work on the roads.

The CHAIRMAN. We are very much obliged to you for your statement.

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FRIDAY, MAY 6, 1921.

PRINTING AND BINDING FOR THE DEPARTMENT OF AGRICULTURE.

**STATEMENT OF DR. E. D. BALL, ASSISTANT SECRETARY  
OF AGRICULTURE.**

**GENERAL STATEMENT.**

The CHAIRMAN. For printing and binding for the Department of Agriculture, you are asking \$175,000. Your current appropriation for this purpose is \$725,000. What is the state of your appropriation?

Mr. BALL. There remains just about enough of our present appropriation to continue the necessary publications of the department,



and that has been true for three months, which has meant that for the last two or three months there has been no publication of bulletins of any kind or description. Now, if you will bear with me for a minute, I would like to go into this matter in some detail. The Department of Agriculture, in 1913, had \$16,000,000 in appropriations, while in 1922 the appropriations were \$32,000,000. In other words, the work of the Department of Agriculture had doubled in that time. A very considerable amount of that increase was represented by additional work, work that was not in existence before. A large number of duties were taken up by the Department of Agriculture during that time.

In other words, the increase of the funds with which the Department of Agriculture had to work was 100 per cent, while during that same time our printing fund increased only from \$475,000 to \$725,000, or less than 55 per cent. Our funds for work were increased 100 per cent, but our fund for printing increased but a little over 50 per cent. During that same period the cost of printing increased 122 per cent for farmers' bulletins and 54 per cent for the scientific bulletins, the difference in the cost being due to the larger editions. That was due to the increased cost of both labor and materials, but more to the increased cost of materials, the increase in labor costs being about 36 per cent, while the increase in the cost of paper was about 130 per cent. In 1914 the cost of farmers' bulletins per page for editions of 100,000 was \$29, while the cost this year was \$64.40 per page. I have the figures from the Government Printing Office for those years. The cost of scientific bulletins in 1914 was \$4.02 per page, while the cost is \$6.20 per page now. In other words, we can publish less pages of matter now than we could in 1914.

With our increased appropriation, we can not publish anywhere near as many pages as we could in 1914. Yet the work of the department has been doubled in volume. That is a situation that has been going steadily from bad to worse. The first result of that situation was the crowding out into the scientific press of the country of a larger and larger number of things that should have been published by the department. The scientific press of the country is supported by scientific men out of their own pockets; 70 to 95 per cent of their support comes from scientific men. The scientific journals carry a little advertising and a few libraries subscribe for them, but, as I have said, their support comes practically from scientific men. Take the *Journal of Economic Entomology*; the cost of printing in 1915 was \$2.24 per page, while in 1921 the cost was \$4.79 per page, or more than double. The scientific men have not been able to carry that burden, and the result has been that we have had to cut down the number of pages in our scientific journals all over the country. We have had to cut down the number of pages about one-third in nearly every scientific journal. In other words, we can not carry as much material in the scientific journals as in 1913 and 1914, and there is not as much printing possible in the Department of Agriculture as there was in 1913 and 1914. Yet, as I have said, there is a much larger volume of research work being carried on.

That means that it simply can not be published. It has been piled up to the point where the scientific men are becoming discouraged and are saying that there is no use in trying to work in the Department

of Agriculture, because the work can not be published. They say, "There is no use in writing up the results of our researches, because we have three or four bulletins piled up here now that are not being published." That is getting to be a serious situation for the Department of Agriculture, because you can not hold your scientific men that way. If you can not give your scientific men an opportunity to publish, you can not hold them.

This situation is putting the American Nation in a very unfortunate condition. Let me discuss, if you please, the situation in Germany before the war: Bismarck in 1870 made up his mind that Germany should rule the world finally, and he cast about to determine how to develop a Germany that could rule the world. He determined that Germany should rule the world by becoming the greatest scientific country in the world, and what they did was to give opportunities to scientific men. Then they turned around and gave greater opportunities for scientific publication in Germany than in any other country in the world. Germany has spent proportionally more money on scientific investigations than any other country, and has spent twice as much money as other countries on scientific publications.

During all those years, scientific men in Germany were able to have their material published just as soon as they could turn it over to the publishers, and scientific men in other countries were given like opportunities. American scientists have had their matter published there free of cost and sent back over here more quickly than they could have had it published in their own country. They have, in fact, invited it because they realized that if they got hold of the scientific publications of the world's best scientists, they were getting, without paying for it, the results of scientific researches throughout the world. I can cite case after case showing that. One instance was that of the poison gas that was used in the war. That was discovered by an American chemist, but he could not get his discovery published in America, and he sent the manuscript over to Germany. They published it over there, and then turned around and used that gas against the American troops.

It was this scientific organization in Germany that enabled her to develop so rapidly in times of peace and to fight so successfully in times of war. It costs from one or two and up to as high as four or five per cent of the amount that is spent on investigations to publish the results, and until you publish the results of investigations you have not made them available to the people of the world. Now, to my mind, it is very uneconomical to spend money on investigations and then not make them available. Just taking the facts from an investigation and applying them as we do when we publish farmers' bulletins, is not making the investigation available to other scientific men.

I want to use a few illustrations of what that condition means: When one man carries on a piece of work and publishes his result, it not only applied to that piece of work, but in almost every case, as you will find if you study the results, it gives some other scientific man a key by which he can make some other discoveries. For instance, take the case of the Texas cattle fever tick: It was discovered by the Department of Agriculture that Texas cattle fever was transmitted by a tick. They published that discovery, and if you will

remember it was a great big volume with beautiful illustrations. They showed in there a little parasite, that carried the Texas cattle fever, and the result of that scientist's work, on entirely different lines, led to the discovery of how to handle yellow fever. It led to the discovery that a mosquito carried yellow fever and that a mosquito carried malaria. The publication of these results led to the discovery that over 125 different diseases in human beings were carried by different insects. Now, it was the publication of the details of that discovery that gave the opportunity for these other scientists to apply those things. As another instance, take radium, where a new element was discovered, others using that discovery have developed a tremendous force in the curing of certain diseases. The discovery of the X ray was the result of the work of a man in connection with electricity, but has been used by other scientists as a powerful help in the treatment of diseases. Helium gas, the result of a purely chemical research, was one of the most useful discoveries of the age, because it made possible the construction of balloons that will not burn up.

I could go on down the line and show a thousand cases like that. Take the investigation of the warble in the cattle's back. When they studied the warble and found that it traveled from the mouth to the esophagus and then traveled from the esophagus up to the back of the cattle people laughed and said that was not so. But other scientists found that it was so and found that the principle of larval migration unlocked a great many mysteries in human diseases and animal diseases that they could not explain before that time. The chemists discovered colloids; the soil physicist and the soil chemist applied their methods to soils and discovered that in soils was a colloid that caused them to bake, and when they published the story of the ultra clay in soils then the man who built roads discovered what it was that destroyed his roads and how to modify his program of construction to make a cement road that would stand over a colloid or "gumbo" soil. That started with the chemist, went to the soil man, and then came back to the road man. I could go on with illustrations indefinitely, but what I want to bring out is that the country which publishes thoroughly, completely, and quickly the results of its scientific workers gets the full use of them while the country that only pays for the investigation and the publication of the practical results loses two-thirds of the value in failing to furnish a key that will unlock the problems of other scientists. It is such a small matter as compared with the total appropriation involved that it is something which ought to be considered very, very seriously.

The CHAIRMAN. Do I understand you have enough with which to publish those scientific publications for the rest of the year?

Dr. BALL. The Department of Agriculture has many functions. The laws require us to publish a year book; the laws require us to publish a soil survey; the laws require us to publish the judgments of all our regulatory work; the laws require us to publish all of the paraphernalia necessary to carry on meat inspection and all of the other regulatory services.

The CHAIRMAN. Not out of this appropriation?

Dr. BALL. Yes; all out of this appropriation.

## YEARBOOKS, FARMER BULLETINS, ALMANAC, ETC.

The CHAIRMAN. Do your yearbooks come out of this appropriation?

Dr. BALL. The ones that the department distributes but not the Congressional distribution. We have to pay for the preparation and publication of the yearbook but not for the extra copies that go to the congressional distribution. All of that is required by law, and yet whenever a new service is added no appropriation is provided for publication, and in every case we must go back to this other appropriation for publication.

The CHAIRMAN. In stating that you have enough to carry you to the end of the year do you take into consideration your scientific publications?

Dr. BALL. No; we stopped them two or three months ago because those are things that can stop, but there are other things that it is very difficult to stop. The Crop Reporter, the publications of the Weather Bureau service, the food and drug work, the meat inspection, and many other things must go on.

The CHAIRMAN. I know nothing about your scientific publications, but you have published a lot of things which I think it would have been just as well to leave unpublished.

Dr. BALL. Well, we will agree with you on that. We have changed the head of our Publications Division three times in the last year, and we hope an improvement will be the result.

The CHAIRMAN. I can see how the head of a bureau of that kind will take an article, even though it is faulty, and encourage the writer. Still, that is pretty expensive education on the part of the United States. More than that, it seems to me your farmers' bulletins have almost exhausted the field. You are bringing out others that are a little different, but not enough so that the ordinary farmer can notice the difference—is not that true?

Dr. BALL. There are always new discoveries. The farmers' bulletins have a certain specific function and there is nothing else that takes their place. When we make a scientific discovery it should first be published scientifically, in order to give all of the facts to the other scientists; that is published in the department's bulletin, about 3,000 to an edition, and that goes to the scientific men of this country and to the libraries and the scientific men of other countries. Then that same material is published so that it can be applied by the ordinary man, but just that part of it. For instance, take this corn trouble that they have just discovered. They have found that they can prevent this root rot of corn, and it is of the utmost importance to get out a farmers' bulletin that will be in sufficient volume to go out to the farmers of corn States this spring before they plant their corn and give them that information.

The CHAIRMAN. You got up an almanac or something of that kind?

Dr. BALL. No; I did not.

The CHAIRMAN. There must have been a lot of money spent on it. I was talking with one of the leading Members of the House and both of us agreed that as far as we could see it had no value at all.

Mr. COBBS. I would like to say this, to give you the other side, that that almanac has probably been the most popular bulletin we have ever put out, and the demand for it, both on the part of the public and Members of Congress, has been very far in excess of our ability to meet it.

The CHAIRMAN. That may be true. If you should put on a show that was obscene and give it a lot of advertising everybody would go to it, and yet it might do more harm than good. I do not say that this bulletin was obscene, but because it was a little spectacular it may have become popular. Just to what extent was agriculture advanced by that bulletin? That, it seems to me, ought to be the test; not as to whether a thing will be popular but to what extent agriculture will be advanced. To what extent, in your opinion, was agriculture advanced by that almanac?

Mr. COBBS. It was our opinion that we combined in that publication a good deal of information taken from various sources and made it available for farmers at seasonal times of the year, calling their attention to certain other publications of the department which contained more detailed information and advising the farmers in advance as to those publications which would be of use to them at certain times of the year. As I have said, the response which we have had has indicated that the majority of people who have seen the almanac have very much the same feeling about it that we had, that the information contained therein was set forth in such a way as to make it easy for the farmers to get at it and to enable them to know the sources in the department in regard to certain details in connection with farm practice. We felt that through such an almanac we could furnish needed information in a convenient way. I do not think the almanac is perfect by any means, and I have said this merely to indicate what the general opinion has been as we have had it expressed to us.

The CHAIRMAN. How much of this would be for farmers' bulletins, how much for scientific bulletins or papers, and how much for other publications of the department?

Dr. BALL. It would be desirable to have you make this \$175,000 a continuing appropriation. You can not prepare a scientific manuscript and hold it ready for publication for a year; it must be worked over and brought up to the latest information at hand at the time. If that appropriation can be made one that will not lapse on the 1st of July, we can use the major portion of it for the scientific publications.

The CHAIRMAN. It is only estimated for until the 1st of July in the form it comes to us.

Dr. BALL. Well, that is a mistake in the way it was written up.

The CHAIRMAN. Of course, your other appropriation is available from the 1st of July, and you can apportion it as you please.

Dr. BALL. That appropriation will be used to carry on the work, but we could not publish a serial publication in advance of its date, so that we could not use these funds for the regular publications of next year. They have got to be issued week by week.

The CHAIRMAN. You can not use the funds of this year for next year because they lapse on the 30th of June.

Dr. BALL. If this appropriation can be made the same as the one for which Forestry is asking, a continuing one, then we can use it to better advantage. On the other hand, if we have \$175,000 and must use it by the 1st of July, it will be necessary to publish a larger number of farmers' bulletins.

The CHAIRMAN. I do not know of any appropriation for printing that is made to extend over the year for which the appropriation is made.

Dr. BALL. You see, we have no control over the Printing Office.

Mr. COBBS. There is one thing about it that is unsatisfactory and that is the amount carried over from year to year, and we have no control of that carry-over. Last year we had \$135,535 which was carried over, and it became the first charge against our appropriation for this year. You can very readily see the effect that that had on our appropriation. We had to have a deficiency appropriation last year, as you will remember. On account of the jam of work at the printing office we were unable to expend all of that, but we had this \$135,000 worth of work that was down there, and that constituted a first charge against the appropriation for the current year. That is one of the things we are very anxious to avoid in getting the appropriation we are asking for. As Dr. Ball has pointed out, there are many manuscripts which we want to print with this \$175,000, which represent an accumulation of things which we have been unable to print out of our regular printing fund and which we will not be able to print out of the printing fund next year, because that will be sufficient only to take care of the manuscripts which originate during the year. The things we have in mind are those which have accumulated by reason of our inability to print them in the past.

The CHAIRMAN. If this is not made available for next year how much will you require for the balance of this year?

Mr. COBBS. It is very difficult to say, and it depends entirely on what the Printing Office can do.

The CHAIRMAN. It is not likely that this bill will become a law much before the latter part of May or first of June. I wish you would ascertain how much of this you will need and can use during the rest of this fiscal year, and then we will take up the question of your suggestion with regard to having the appropriation made available for the next year.

Mr. COBBS. Mr. Carter tells me he is trying to work out a plan at the Printing Office which will prevent this carry over: whether it will be possible to arrive at some plan which will accomplish that before the 1st of July I am not in a position to say. I do not know what the plan is in detail.

The CHAIRMAN. Is there anything further on this item?

Dr. BALL. No, sir; except that this means a great deal to the department in efficiency and economy of work. I am sorry it did not get before you on the last deficiency bill, because then we would have had time.

NOTE.—The statement requested by the chairman regarding printing which can be done under the proposed deficiency appropriation during the remainder of the present fiscal year, follows:

In the absence of information regarding the demands which will be made for printing by the Congress the Public Printer states that it is impossible to estimate with any degree of accuracy the amount of printing which may be done out of the proposed deficiency appropriation of \$175,000. Anticipating that the congressional printing work will continue at normal rate, in the event that the deficiency appropriation does not become available before June 1, he thinks that not more than 25 per cent of the amount requested, or possibly \$50,000 worth of work, could be done during the month of June. As has been stated, however, this figure is given only as a very tentative estimate and the amount may vary within wide limits.

It is the opinion of the Public Printer that unless the appropriation can be made available until expended the department will not be able to make use of a considerable part of it.

The manuscripts which the department proposes to publish with the deficiency appropriation which has been requested represent those which it has been unable to publish out of the regular printing and binding appropriation. Many of these manu-

scripts contain the results of investigations completed several years ago and will necessarily have to be brought up to date before they can be submitted for publication. In addition to the new publications proposed there are approximately 100 of the most popular farmers' bulletins of which the department's stocks are at present totally or practically exhausted. Plates of these bulletins are in hand and the reprinting could be done quickly. It is estimated that \$50,000 would be required for this purpose, provided that the Printing Office could handle the work. In addition the manuscripts for possibly \$50,000 worth of department bulletins could be brought up to date and made ready for the printer by June 1. In order to prevent an excessive carry-over which would form a first charge against the printing and binding appropriation for the next fiscal year it would be undesirable to submit more work to the printer than could be paid for out of any deficiency appropriation that might be made available. The only hope at this time of printing the accumulation of manuscripts in the department seems to be in making the appropriation available until expended.

SATURDAY, MAY 7, 1921.

### DEPARTMENT OF COMMERCE.

#### STATEMENTS OF HON. HERBERT HOOVER, SECRETARY OF COMMERCE, AND MR. GEORGE R. PUTNAM, COMMISSIONER, BUREAU OF LIGHTHOUSES.

The CHAIRMAN. Mr. Secretary, we have before us a number of estimates from the Department of Commerce that are more in the nature of supplemental estimates than deficiencies, the amount requested for the present fiscal year being \$295,858.34, and the amount requested for the next fiscal year aggregating \$322,807. Would you like to make a general statement with regard to the estimates before taking them up in detail?

Secretary HOOVER. It might expedite the hearing if I explained the estimates generally.

The CHAIRMAN. Yes; unless you had a general statement to make. If you prefer we will take up the individual items.

Mr. HOOVER. I think I might take their general features and then you may wish to hear the bureau chiefs.

#### BUREAU OF LIGHTHOUSES.

##### FOR FOUR ADDITIONAL CLERKS IN LIEU OF FOUR CLERKS OF LOWER GRADE.

The CHAIRMAN. The first item is for the salary of four additional clerks, at \$1,600 each, for the fiscal year 1922 in lieu of two clerks at \$1,000 and two clerks at \$900 each.

Secretary HOOVER. That simply is a case where in the type of work the Bureau of Lighthouses has to do they have not been able to secure assistants of sufficient capacity at this low range of salaries. This is an attempt to increase the intellectual caliber of material which they must feed on at the bottom of the service, from which to develop the higher officials.

The CHAIRMAN. Are these persons you designate here as additional clerks now employed in the department, and is this in the nature of a promotion or an increase of salary?

Secretary HOOVER. This is a replacement of incompetents, with the hope of getting more competent.

Mr. CANNON. The whole thing is civil service, is it not?

Secretary HOOVER. Yes.

The CHAIRMAN. Then what you would really be doing would be to drop two of the four clerks at \$1,000 and two at \$900, substituting four additional clerks at \$1,600.

Secretary HOOVER. That is correct.

The CHAIRMAN. Have you vacancies at the present time in the \$900 grade?

Mr. PUTNAM. There are persons in this grade, but they only stay with us a short time, because they either get other jobs or else they are not competent. There are now three vacancies and two temporary appointees in the next higher grade (\$1,000), but those in the \$900 grade are not qualified for promotion to fill these.

The CHAIRMAN. What would be the character of work that the \$1,600 clerks would perform.

Mr. PUTNAM. They would be assistant chiefs of division in our office. They would do the higher class of clerical work. For a number of years we have not been able to get persons who could be trained for the higher grades, and we have been losing the old, trained employees, so that out of our force of 23 clerks, we now have only 6 persons who are experienced and capable of doing independent, responsible work. I might state that the increase in the item here is not \$6,400, but only \$2,600, because from the \$6,400 would be deducted those that are dropped, and the whole amount involved here is \$2,600, which would very materially increase the efficiency of our office force here in Washington. We have practically no routine work in our bureau here. It is all technical and stenographic work, requiring special skill, and therefore we are simply not able to use effectively the class of persons who come now at \$900 or \$1,000 a year. They may be all right on certain routine work but not for this class of work.

The CHAIRMAN. This bureau, as I understand it, will have charge of the office work, in a way, in directing the activities of those in the field.

Mr. PUTNAM. Yes, sir; the Lighthouse Service has over 6,000 employees, and we have a staff here in Washington, including clerks and administrative officers, and all, of only 40 persons, which I think is perhaps a record in Government organization here; and to carry on that class of work with that small force here in Washington we must have competent persons.

The CHAIRMAN. What are the total disbursements of the Lighthouse Service?

Mr. PUTNAM. From seven to eight million dollars a year for maintenance and an average of about one million for special works, and this force handles all the accounting and contracting and appointment work for that entire service so far as it is handled here. The service is conducted largely in a decentralized way through district offices.

Mr. BYRNS. Did I understand that these \$1,000 and \$900 places are now filled?

Mr. PUTNAM. They are filled from time to time, but there are vacancies constantly occurring, and there are several now. In the last three and a half years we have had 69 persons in the 9 lower positions; showing the rate of turnover is tremendous and very wasteful. Any such turnover as that means we are only getting about half efficiency out of the force.



Mr. BUCHANAN. That is hardly an answer to the question. If we pass this act, will that create any new jobs or new positions; and if so, how many?

Mr. PUTNAM. This will create four new positions and discontinue the four lowest positions in our office.

Mr. BUCHANAN. It will simply make the salary of the lowest position that much higher.

Mr. PUTNAM. This is not done, however, for the purpose of promoting persons in the office.

Mr. BUCHANAN. I have no objection to that, if they are worthy of promotion.

Mr. PUTNAM. We would prefer to promote those worthy, but we have not among this lower-paid force persons qualified for these positions. We desire to get in some more competent persons into our force.

Mr. BUCHANAN. And it takes a little higher salary to get more competent persons?

Mr. PUTNAM. Yes, sir; on account of the higher salaries paid here now under lump-sum appropriations.

Mr. CANNON. They will have to be obtained through the civil service?

Mr. PUTNAM. Certainly; yes, sir.

Mr. CANNON. And you have got to try them out to see if they are competent?

Mr. PUTNAM. Yes, sir; they would all be appointed under probation for six months.

Mr. BUCHANAN. If you have some who do not know a thing about your office and its duties, why do you not dismiss those people and try four more?

Mr. PUTNAM. We are doing that constantly. We have done that for the last three years.

Mr. CANNON. And it is pretty hard to find four persons who have such knowledge who are certified to you by the Civil Service Commission.

Mr. PUTNAM. We will probably have to keep on trying until we do get competent persons. I think we can do that at this proposed rate of pay.

Mr. BUCHANAN. Are the people who generally want to get into this service women or do the men come in?

Mr. PUTNAM. In the lower grades with the present salaries they are nearly all women. We hardly ever get a man any more.

The CHAIRMAN. Commissioner, I wish you would put into the record a table showing how your force would be distributed with regard to salaries, if this appropriation is granted, so we can see just exactly how it is balanced.

Mr. PUTNAM. Yes, sir.

Mr. CANNON. In reference to dismissing people who are incompetent, there is nobody that you could put your finger on that has proven their incompetency.

Mr. PUTNAM. We had no particular individuals in mind in connection with this proposed item. This is simply an item to permit us to meet what is becoming a very difficult and critical situation in our force in handling this amount of work.

Mr. CANNON. There is a great demand now for employment, and there are lots of good people out of jobs if you simply knew who they were, and the only question is whether you can find them at the present rate of salary.

Mr. PUTNAM. The difficulty is, we have been trying the present system for the last three years, and it simply will not work, and we feel that we must have some relief and that we should present the situation to the committee.

NOTE.—The work of the Bureau of Lighthouses in Washington is conducted under five administrative divisions, chief clerk, contracts, accounts, personnel, and files. Of the 23 clerks authorized, at the present time but 6 or 7 are persons who have the training and ability to act as chiefs of these divisions or assistant chiefs capable of taking responsible charge even during periods of temporary absences, and the statutory entrance salaries now in force in this office \$900 and \$1,000, have not for several years permitted us to obtain or retain the services of persons who are capable of being trained for these duties, or who will make competent stenographers, which is the lowest grade of clerical work in this office. In 1917, of this force of 23 clerks, 19 were competent and experienced persons, at the present time only about 8 can be so classed. There is no hope of relief as the schedule stands, for regardless of the labor market and the cost of living, competent stenographers and clerks will go to the lump sum bureaus that pay entrance salaries \$300 greater than the law fixes for this bureau.

The present conditions in this office require doubling up of work and heavy burdens on the few older employees, especially serious in cases of absence. A further loss of a single responsible employee will make it extremely difficult to carry on the work of this large service. This small estimate of \$2,600 is for the purpose of temporarily meeting this emergency by permitting the securing of a few competent employees, and does not contemplate any general readjustment in this office, pending fuller consideration.

Of the small appropriation, \$67,290 for salaries in this bureau, which has been little changed in a number of years, there has been an annual average of \$6,000, or 9 per cent unexpended in the last three years, due to inability to keep positions filled and frequent changes. In the lower grades there are now three vacancies and two positions temporarily filled by persons who are not eligible. Most persons on the eligible registers refuse to accept the positions at \$1,000.

*Statement of clerical force in the Bureau of Lighthouses at Washington, as modified by supplemental estimates of April 21, 1921.*

Present or proposed duty.	Number of positions.	Salary.
Chief clerk.....	1	\$2,400
Chief of Contracts Division.....	1	2,000
Chief of Accounts Division.....	2	1,800
Chief of Personnel Division.....		
Chief of Files Division.....	6	1,600
Private secretary to commissioner.....		
Assistant to chief clerk.....		
Assistant chief, Contracts Division.....		
Assistant chief, Accounts Division.....		
Assistant chief, Personnel Division.....		
Assistant chief, Files Division.....	3	1,400
Clerk and stenographer, Accounts Divisions.....		
Stenographer to chief clerk.....		
Clerk and stenographer to Engineering Division.....	5	1,200
2 clerks and stenographers, Contracts Division.....		
Clerk and stenographer, Contracts and Accounts Divisions.....		
Clerk and stenographer, Personnel Division.....		
2 clerks and stenographers, Contracts Division.....	5	1,000
3 clerks and stenographers, Accounts Division.....		
	23	

NOTE.—In the above, 4 positions at \$1,600 are substituted for 2 at \$1,000 and 2 at \$900, dropped.

SATURDAY, MAY 7, 1921.

## STEAMBOAT-INSPECTION SERVICE.

**STATEMENT OF MR. GEORGE UHLER, SUPERVISING  
INSPECTOR GENERAL.****CONTINGENT EXPENSES—FOR FEES TO WITNESSES, TRAVELING AND  
OTHER EXPENSES.**

The CHAIRMAN. For the Steamboat-Inspection Service, contingent expenses, you are asking \$5,000 for this year and a supplemental appropriation of \$25,000 for the year ending June 30, 1922. What is the condition of your balances with regard to your appropriation for this year?

Secretary HOOVER. I think we would make more progress, Mr. Chairman, if Gen. Uhler makes his statement first.

Gen. UHLER. The estimates for appropriations for the Steamboat-Inspection Service are always largely a matter of conjecture. We can not tell from one month to another what our work is going to be. It may be remotely possible we will get along with the appropriation that we now have. If there come a number of investigations or if there comes some extra work during the month of June or the latter part of this month, as very generally happens, we fear a deficit.

There is no actual deficit at this time, and what we are asking for now is something to cover a possible deficit, because after the deficit is incurred there is no going back then. We have to quit, and that we can not afford to do. This is in the contingent appropriation for which we asked \$200,000 and got \$160,000. Our balance up to this time is all right, but we can not tell what it will be next month or what it will be at the end of June, and some of it may necessarily have to go over into 1922, which we can not do under the law. If there is anything I hate or anything I fear, it is a deficit, but, as I just said, this is always a matter largely of conjecture.

The CHAIRMAN. General, you had an appropriation of \$160,000, which would permit you to make a monthly expenditure at an average rate of about \$13,330 a month; have you exceeded that in your monthly expenditures?

Gen. UHLER. No; we have not; but, as I say, we can not tell what the latter part of this month will bring about, Mr. Chairman, or what the month of June will bring about.

The CHAIRMAN. As a general rule, with the increase in navigation that comes with the opening of the season, does the demand upon your service increase?

Gen. UHLER. Always; and there is another thing that must be taken into consideration in this service, and that is the possible increased work of which we can have no knowledge whatever and about which we can simply make a conjecture. We may have next month 8 or 10 or 12 or 15 investigations, which entail a good deal of travel, entail a good deal of witness expense, and entail a whole lot of expense which it is simply impossible to anticipate. It is out of the question to anticipate it, and the expense of travel, of course, as you all know, has increased both as to Pullman and railroad rates.

The CHAIRMAN. Do you inspect cargo vessels as well as passenger vessels?

Gen. UHLER. Yes, sir.

The CHAIRMAN. Of course, the tying up of so much of our shipping has necessarily decreased your activities somewhat?

Col. UHLER. No, sir; because they are inspected just the same. The inspections go along just the same so that they may be ready. Of course, in a few instances they may say, "We will not inspect this vessel this year because we will not need her," but in the large number of cases, over 90 per cent, they keep the vessels in shape to sail at any minute and have a certificate of inspection in force, except where there is some premeditated policy of running only so many ships in a fleet. That has not come about yet.

Mr. SLEMP. General, is it your opinion you have enough money except for unforeseen contingencies?

Gen. UHLER. That is it, sir. I say we may have enough.

Mr. SLEMP. And you are simply trying to accumulate a reserve?

Gen. UHLER. It will not be a reserve, it will be a necessity. What we are trying to do is to guard against a deficit, and this is the only way to do it. In the event of this thing not going through, of course, there is a remedy, as a matter of course; we can stop and we can say to a man, "We have not got money enough to inspect your steamboats," but that if he brings her up here we can inspect her. He will say, "No; the Government gives me the privilege of having this vessel inspected here and I must insist upon her being inspected here."

#### INCREASE IN WORK.

The CHAIRMAN. Has the increase in our merchant marine very largely increased your duties?

Gen. UHLER. Oh, yes, sir; just to the extent that the merchant marine has been increased; we have had just that much more work. It has been not only in the matter of inspection but in the matter of the inspection of materials at the mills and in the matter of re-inspection. There are just that many more vessels to inspect.

Mr. BYRNS. General, with reference to these inspections, do you inspect them at the end of certain periods?

Gen. UHLER. Yes, sir.

Mr. BYRNS. In other words, it is necessary to renew these certificates how often?

Gen. UHLER. Annually.

Mr. BYRNS. Then do you inspect them on request?

Gen. UHLER. Yes, sir; they give us notice as to where their vessel is and that she will be found ready for inspection at a certain time. For instance, we get a notice to-day in Cleveland that a certain steamship will be ready for inspection to-morrow at 8 o'clock at Ashtabula.

Mr. BUCHANAN. Do they invite the inspection or do you invite it?

Gen. UHLER. Oh, no; they notify us. They know when their certificate expires and we have it as a matter of record, too. For instance this condition might arise: We might say to the shipowner, "You have been running without a valid certificate of inspection," and they would say, "Yes; we ran over a few days." "Why did you not ask to have her inspected; did you ask?" "No; we did not." So, we have a matter of record there, Mr. Buchanan. Where the

agent of the vessel applies for inspection, then if we are not able to inspect the vessel, he has something coming to him on a remission or mitigation of penalty for violating the law by running without a valid certificate.

Mr. BUCHANAN. How long has the inspection service like we have now been in force?

Gen. UHLER. This inspection service really has been in force since 1852. In 1838 they had a statutory requirement that the owner of a passenger steamer should make application to the judge of the district court for an inspection of his vessel. The judge of the district court appointed a man to inspect her boilers and to inspect her hull, and they were each paid \$5 by the owner of the vessel. That went on until 1852, when the law was passed which was the basis of the present inspection law, and from time to time it was amended, and really the old law of 1852 was repealed on the 28th of August, 1871, when the present law went into force regarding the licensing of officers and the requirements for the vessels, etc.

The CHAIRMAN. I suppose by far the larger part of this appropriation is spent for traveling expenses of the inspectors.

Gen. UHLER. Yes; and rents. Our contingent fund covers everything, Mr. Chairman, except salaries. Salaries are determined by statutory allowances for so many inspectors at a certain place at so much.

#### RENT OF OFFICES.

The CHAIRMAN. How many buildings or offices do you rent where the rent is paid out of this appropriation?

Gen. UHLER. We rent about 30.

The CHAIRMAN. They are mostly offices, are they not?

Gen. UHLER. They are all offices for the housing of the work of the service.

The CHAIRMAN. And those offices are at the principal ports?

Gen. UHLER. Yes. In some of the ports we are in the Federal buildings. In New York we are in a Federal building, and, by the way, we are making a little plea for an extra appropriation for 1922.

The CHAIRMAN. Before taking that up, will you state about how much the annual demand is for rental of offices?

Gen. UHLER. I could not say offhand, Mr. Chairman.

The CHAIRMAN. I wish you would put a statement of that into the record.

Gen. UHLER. I just want to give you a record of what they have done with us this year after the appropriations had been determined. We can only rent, as of course you know, from year to year. After our appropriations had been determined for 1922, on the first day of April we get these notices: In Philadelphia, from the present rent of \$6,300 to \$11,300, an increase of \$5,000, which comes out of the appropriation which has already been determined for next year; at Portland, Oreg., from \$2,772 to \$4,044, an increase of \$1,272; at New London, from \$2,400 a year to \$3,600 a year, which is \$1,200 a year more. They wanted there to more than double our rent, and we had to say that we would probably have to move out in the street or go to Norwich or somewhere else for our headquarters, and they reduced their demands then to \$3,600 instead of \$5,000. At Dubuque, where we paid \$600, the rent has been increased to \$1,020.

The CHAIRMAN. In the table you will insert in the record, I wish you would put in the rentals paid in the year 1919 and the present rentals, and the rentals you will be compelled to pay next year, so that we can see the growth of the expenditures in rentals because of increased rents demanded by landlords.

Gen. UHLER. Yes, sir. This is due almost entirely to the new combinations of the owners and agents of office buildings. For instance, in Portland, Oreg., they gave us no more notice than the fact that the owners and the agents of these buildings had gotten together and it was the consensus of opinion that rents should be raised, and so on. That is brought about largely, Mr. Chairman, by our being ordered out of public buildings. There was a time when we had little or no rent to pay outside, but it is getting so now that the Treasury Department will serve notice on the Steamboat-Inspection Service, or on the Department of Commerce, "the space you are now occupying in the building at Pittsburgh," for instance, "must be vacated on a certain day." We ask, "Where are you going to put us in the building?" and they replied, "We have no other place in the building and you will have to get quarters outside."

Mr. SLEMP. Was that spirit an outgrowth of the war?

Gen. UHLER. Not necessarily. It happened before the war in a great many instances. For instance, the courts would come in and say they needed this space in the Federal building and that would simply mean an order to us to get out. That was the case in Pittsburgh, that was the case in Nashville, and that was the case in Seattle, and many other places where we had been housed in public buildings. They simply gave us a notice to get out, and we then had to go out and rent quarters, and in these times at extortionate prices. Two years ago, when we had been for 30 years in a Federal building in Philadelphia, we were simply directed to go out and get other quarters.

Mr. SLEMP. What I was trying to find out was this: At Philadelphia there is a 100 per cent increase.

Gen. UHLER. No; not 100 per cent increase.

Mr. SLEMP. I thought it was from \$5,000 to \$11,000.

Gen. UHLER. From \$6,300 to \$11,300. Yes, an increase of 90 per cent.

Mr. SLEMP. Have you investigated conditions there recently to see whether you could go back to the post office?

Gen. UHLER. No; there is no chance.

Mr. SLEMP. There is no chance?

Gen. UHLER. No, sir. In hunting space we went to the slums and everywhere.

*Statement showing location of field offices of the Steamboat-Inspection Service, Department of Commerce, together with information as to whether said offices are located in private or Government buildings and annual rental paid.*

Location.	Rental paid, 1919.	Rental paid, 1920.	Rental paid, 1921.	Proposed rental, 1922.
San Francisco, Calif.....	(1)	(1)	(1)	(1)
Portland, Oreg.....	\$2,775.00	\$2,775.00	\$2,775.00	\$4,050.00
Los Angeles, Calif.....	720.00	960.00	960.00	* 960.00
Honolulu, Hawaii.....	1,260.00	1,260.00	1,440.00	* 1,440.00

<sup>1</sup> Government building.

\* Estimated; lease not yet received.

*Statement showing location of field offices of the Steamboat-Inspection Service, Department of Commerce, together with information as to whether said offices are located in private or Government buildings and annual rental paid—Continued.*

Location.	Rental paid, 1919.	Rental paid, 1920.	Rental paid, 1921.	Proposed rental, 1922.
New York, N. Y.	(1)	(1)	(1)	(1)
Albany, N. Y.	\$1,002.75	\$2,481.00	\$2,481.00	\$2,481.00
Coatesville, Pa.	144.00	264.00	264.00	264.00
New Haven, Conn.	84.00	(1)	(1)	(1)
Philadelphia, Pa.	\$3,124.98	6,250.00	6,250.00	11,137.00
Norfolk, Va.	(1)	(1)	(1)	(1)
Baltimore, Md.	(1)	(1)	(1)	(1)
Charleston, S. C.	(1)	(1)	(1)	(1)
Jacksonville, Fla.	756.00	756.00	1,020.00	\$1,020.00
Savannah, Ga.	(1)	(1)	(1)	(1)
St. Louis, Mo.	(1)	(1)	(1)	(1)
Dubuque, Iowa	600.00	600.00	600.00	740.00
Boston, Mass.	3,900.00	3,980.00	8,211.00	\$8,211.00
Bangor, Me.	(1)	(1)	(1)	(1)
New London, Conn.	2,100.00	2,400.00	2,400.00	3,600.00
Portland, Me.	1,085.00	1,365.00	1,566.25	\$1,566.25
Providence, R. I.	(1)	(1)	(1)	(1)
Louisville, Ky.	(1)	(1)	(1)	(1)
Evansville, Ind.	(1)	(1)	(1)	(1)
Memphis, Tenn.	(1)	(1)	(1)	(1)
Nashville, Tenn.	900.00	900.00	900.00	\$900.00
Pittsburgh, Pa.	1,800.00	1,800.00	1,800.00	\$1,800.00
Cincinnati, Ohio.	(1)	(1)	(1)	(1)
Point Pleasant, W. Va.	(1)	(1)	(1)	(1)
Detroit, Mich.	(1)	(1)	(1)	(1)
Chicago, Ill.	(1)	(1)	(1)	(1)
Duluth, Minn.	(1)	(1)	(1)	(1)
Grand Haven, Mich.	(1)	(1)	(1)	(1)
Marquette, Mich.	(1)	(1)	(1)	(1)
Milwaukee, Wis.	(1)	(1)	(1)	(1)
Port Huron, Mich.	(1)	(1)	(1)	(1)
Cleveland, Ohio.	(1)	(1)	(1)	(1)
Buffalo, N. Y.	(1)	(1)	(1)	(1)
Burlington, Vt.	(1)	(1)	700.00	\$700.00
Oswego, N. Y.	(1)	(1)	(1)	(1)
Toledo, Ohio.	(1)	(1)	(1)	(1)
New Orleans, La.	2,340.00	2,340.00	(1)	(1)
Anaconda, Fla.	264.00	264.00	264.00	\$264.00
Galveston, Tex.	900.00	900.00	900.00	1,100.00
Mobile, Ala.	950.00	950.00	1,380.00	1,590.00
Tampa, Fla.	570.00	750.00	750.00	\$750.00
San Juan, P. R.	(1)	(1)	(1)	(1)
Seattle, Wash.	4,284.90	6,480.00	7,470.00	\$7,470.00
Juneau, Alaska	480.00	480.00	480.00	\$480.00
St. Michael, Alaska	240.00	240.00	240.00	240.00
Total	30,290.63	38,205.00	42,851.25	\$50,731.25

<sup>1</sup> Government building.

<sup>2</sup> Estimated; lease not yet received.

<sup>3</sup> July and August only. Moved into Government building September 1.

<sup>4</sup> January to June only. Prior to January 1 located in Government building.

<sup>5</sup> Fourteen leases not yet received for next year beginning July 1, 1921. It is possible that several of them will call for increased rental.

The CHAIRMAN. You have had an increase of about 30 per cent in your transportation charges?

Gen. UHLER. Yes, sir. Fifty per cent on the Pullman. Of course, the Pullman is the secondary consideration, because we do not use the Pullman as much as we do, of course, the regular transportation.

#### SUPPLEMENTAL ESTIMATES FOR 1922.

The CHAIRMAN. What have you to say about the supplemental estimate for 1922 of \$25,000?

Gen. UHLER. That is simply for contingent—we do not know what we will be up against.

Mr. SLEMP. I should rather infer that a large part of the \$25,000 is for the extra rent?

Gen. UHLER. And travel and contingent expenses. Our contingent fund covers everything but salaries. It covers supplies.

SEE CHARGE FOR INSPECTIONS.

Mr. CANNON. Could we not amend the law in such a way that you could place this expense upon the people who have the work to do? If you did that would you not get cheaper rent? You inspect the property of the department?

Gen. UHLER. Yes, sir.

Mr. CANNON. And they pay so much for the inspection?

Gen. UHLER. No; there is no charge for the inspection.

Mr. CANNON. I thought you said there was a charge?

Gen. UHLER. No; there is no fee of any kind or character in the Steamboat-Inspection Service, none whatever.

Mr. CANNON. Why could you not place a fee?

Gen. UHLER. We did have it once, but it was taken off. All of those fees were taken off in 1886, I think. There was a time when a vessel of a certain tonnage paid so much for the inspection and it was graded up to the highest class, so much for this and so much for that vessel, so much of the issuing of a license, \$10 originally for issuing a license to a master or chief engineer, but it was afterwards reduced to \$5 for the mates and assistant engineers. That fee of \$10 remained until 1886, and I think the general fee was reduced to \$5, and then it was eliminated entirely. There is no fee for any character of work by the Steamboat-Inspection Service. There was a time when the Steamboat-Inspection Service was self-supporting and had a surplus.

Mr. CANNON. Why can not it be made self-supporting now? In other words, it does not make any difference how much you charge. It seems to me that would be the proper thing to do?

Gen. UHLER. If that should be the policy of Congress, it would be fine, but under the present policy we have to meet the demand without charge.

Mr. CANNON. All along the line, inspection at least for the high seas, you ought to get enough to make up the difference between what it costs the United States and what it costs Great Britain or Japan or any other country?

Gen. UHLER. Great Britain charges for their surveys and charges for their commissions, or licenses as they call them, their licenses to officers.

The CHAIRMAN. What proportion of your inspections is of vessels that are engaged in the coastwise and lake transportation and the vessels engaged in the trans-Atlantic or trans-Pacific trade?

Gen. UHLER. I should say that the trans-Atlantic and trans-Pacific vessels would come to probably 18 or 20 per cent.

The CHAIRMAN. And all the rest for coastwise and river transportation?

Gen. UHLER. That is for the rivers, east and west.

The CHAIRMAN. And south?

Gen. UHLER. Yes, sir; although the Gulf does not cut such an important figure in overseas as the two coasts. The river transporta-



tion is not such a large proposition, the western rivers, although the eastern river transportation still amounts to something.

The CHAIRMAN. As I recall, you inspect also all public buildings and military posts?

Gen. UHLER. We inspect the boilers.

The CHAIRMAN. Yes, sir.

Gen. UHLER. That is paid for by the various departments.

The CHAIRMAN. That is not paid for out of this appropriation?

Gen. UHLER. No; they pay the travel.

Mr. SLEMP. Have you signed the rental contracts which you have referred to?

Gen. UHLER. Yes, sir.

Secretary HOOVER. I think there is a good deal to be said as to putting this service back on a fee basis. It does seem to me that when a special service is given one particular industry like this the service ought to carry its own expense. If Congress wishes to give financial assistance to that industry, it should be given directly and not indirectly. This service could be put back on a self-supporting basis without much difficulty.

Mr. SLEMP. With a very small charge, only \$1,000,000 to be distributed over a tremendous number of ships.

Secretary HOOVER. Yes. However, that would be a matter of special legislation and does not enter into this question, unless legislation could be put into this bill.

The CHAIRMAN. Please submit in the record language that would accomplish that result, in your opinion.

Gen. UHLER. That is, going back to the fee basis?

The CHAIRMAN. Charging a license fee or inspection fee that will be sufficient, in the opinion of the department, to pay the expenses of the inspection.

Gen. UHLER. When that method was in force, Mr. Chairman, it went on until the Steamboat-Inspection Service had a surplus; at least the Treasury Department had a surplus to the credit of the Steamboat-Inspection Service, amounting to six or seven hundred thousand dollars. When these fees were taken off everybody began to make pleas for the return of all the money they had paid for licenses, etc. I think Mr. Randall was the chairman of this committee, and he absolutely and positively put his foot down on the proposition of returning any fee that had been paid, for the simple fact that it would open the way for an attack on every surplus in the department.

Secretary HOOVER. I think the question should be to simply arrive at a fee to meet the expenses; you do not expect the Government to make any money.

The CHAIRMAN. You are spending this year \$1,000,000?

Gen. UHLER. A little more than \$1,000,000. That covers the whole service barring the work that we do for the War Department and the inspection of the vessels of the Quartermaster's Department and the Engineers and Mississippi River Commission. We inspect those vessels and the cost is charged to our own account, just the same as in the case of the others, but the inspection of boilers at Army posts and in the public buildings and all that sort of thing, that is generally paid for.

Secretary HOOVER. In the collection of fees we should except the now earning Government vessels; that is, not to except those of the Shipping Board.

Gen. UHLER. This is simply done by request, now, Mr. Secretary. There is no legal requirement. If a vessel whose title is vested in the United States should need inspection and the War Department through the Quartermaster's bureau requests us to inspect their vessel and issue a certificate, we do so.

Secretary HOOVER. There are many bureaus of the Government that are self-supporting by fee, it is not a new principle, it exists of course in the Patent Office.

The CHAIRMAN. Can you state what proportion of this expenditure is being expended for the inspection of Government vessels, vessels of the Emergency Fleet Corporation?

Gen. UHLER. I would have to look that up. The Emergency Fleet Corporation ships are inspected now, of course, under statutory requirements and a special act of Congress putting them under the Steamboat Inspection Service, so that they would come in in the regular way, but the other Government vessels would not be large, not more than 5 per cent, probably.

The CHAIRMAN. That is, excluding the ships of the Emergency Fleet Corporation.

Gen. UHLER. Yes, sir.

The CHAIRMAN. That is a large item?

Gen. UHLER. Yes, sir.

The CHAIRMAN. This \$25,000, as I understand you, is asked for, first, on account of the increase in rentals which you are obliged to pay; second, on account of the increased transportation expenses; and third, on account of the emergencies that may arise from time to time?

Gen. UHLER. Absolutely.

The CHAIRMAN. You have no large expenditure that you are contemplating out of the ordinary?

Gen. UHLER. None whatever, Mr. Chairman.

The CHAIRMAN. This is required simply for rentals, traveling expenses, and contingent expenses?

Gen. UHLER. Yes, sir.

#### CROWDED CONDITION OF NEW YORK OFFICE.

There is one situation to which I wish to call your attention. I think I spoke to you about it the other day, Mr. Secretary. That is the situation in New York. There we are in the customhouse and we are absolutely crowded from the corridors to the windows. Supplies and stuff of that kind are standing up in the corridors, simply because we have no space and there is a crowd of men standing in the corridors. It is absolutely impossible to get any more space in the customhouse. We have tried it for two or three years. We can not get another inch of space in that building. I am contemplating—I hope it may not be necessary to do so—that within a short time we will have to get out of the customhouse in New York and get space sufficient to accommodate our necessities.

SATURDAY, MAY 7, 1921.

## BUREAU OF NAVIGATION.

## STATEMENT OF MR. ARTHUR J. TYRER, DEPUTY COMMISSIONER.

## SUPPLEMENTAL ESTIMATE FOR ENFORCEMENT OF WIRELESS COMMUNICATION LAWS.

The CHAIRMAN. For the Bureau of Navigation, enforcement of wireless communication laws, you are asking a deficiency of \$26,100 for 1921, and also that the amount which may be expended during said fiscal year for salaries of employees in the District of Columbia may be increased from \$8,400 to \$10,900?

Secretary HOOVER. The bureau chief will explain that more in detail. I might say generally that the acts requiring inspection are not being completely fulfilled, due to a lack of sufficient funds. In discussing the matter with the chief of the bureau I have taken the attitude that whether disaster happens or not from incomplete inspection we can not run into a deficiency. If it is the desire to carry out the complete inspection required by the act some additional assistance will be needed.

The CHAIRMAN. We will be glad to hear you, Mr. Tyrer.

Mr. TYRER. Mr. Chairman and gentlemen of the committee, this bureau has been endeavoring for nearly a year now to administer this service under the \$60,000 which we have now. That is the same as the appropriation provided for 1922, but the service is breaking down and our men are leaving. During the last year 15 out of a total force of 27 resigned. There are numerous requirements and important requirements in the law that we do not even attempt to enforce. For instance, we have practically abandoned the inspection of ship and shore stations for license. This leaves the bureau practically without any information as to those stations, the wave lengths they are using, or the extent to which they may be interfering with the commercial wireless and with the receipt of distress messages from vessels at sea. There are about 3,000 ship stations, and of that number 2,000 still remain uninspected for license, although the international convention specifically requires that every ship station shall be licensed by the nation to which the vessel belongs. Great Britain at present is beginning to inform our vessel masters that unless their stations are licensed they will be penalized when they enter British ports.

About 50 per cent of our vessels equipped with wireless are clearing without inspection. The inspection of the instruments on these vessels is exceedingly important, for the reason that they are very delicate and get out of adjustment easily, and the operators on board are not competent to repair them or adjust them. They are operators pure and simple, receiving and sending messages, but they are not engineers and even if they were they have not the instruments to make these adjustments. We had a case only a short time ago in which our inspector found that the instruments on board when adjusted to the 600-meter wave length on which distress calls are sent would not send

out a distress call, did not send a sound. That is one of numerous instances which we have had.

The use of this radio in point to point communication on land is increasing very rapidly and systems are being created throughout the country where they come, to a certain extent, in competition with the telegraph, and it is resulting in a degree of interference with the ship stations. That is becoming serious. The wireless on a ship station is a life-saving device, and its efficiency is becoming doubtful in view of this interference.

In Washington alone we have had to stop examining operators, although there are two large radio schools here. The reports that come to us of the examination of operators in the field and the inspection of stations are not reviewed, as we do not have the men, although this review is necessary in order to secure accuracy and uniformity in the inspections and the examinations. The reports of the field work that are sent in to us are not properly filed or recorded, and when it becomes necessary for us to have information with regard to the inspection of the ships our files are not in such shape that we can find them at all readily. We have special cases arising where we should like to send our chief radio inspector to investigate, involving technical questions, but we can not spare him. He has to stay here all the time. Since 1916 he has not had any annual leave, and if he should be taken sick the technical work would stop until his return. Even the work in the field which with the present force and present work we are doing can not be continued, for the reason that our men are working now overtime practically every day and even on Sundays and holidays. During 1919 the average annual leave of our field force in wireless was six and one-third days' annual leave and one day sick leave.

In 1920 the average was 10.5 days' annual leave and 3.5 days' sick leave. The pressure on the force is so heavy that we do not believe it can be continued successfully.

The salaries which we have in our estimates are the lowest with which we can secure competent men. There have been many changes in wireless during the war and since that require the inspecting force to be men who are in touch with the latest developments of the art. The men who are competent are commanding high salaries with private companies and also with other Government offices. Last year we had an examination by the Civil Service Commission in an endeavor to secure men for our work. Owing to the low salaries, the Civil Service Commission secured three eligibles, and of the three eligibles only one would accept an appointment.

The instruments which we have are practically out of date. It is necessary that the instruments should be adjusted and brought to the present state of the art and that we should have new instruments, especially in connection with the inspection of transoceanic stations. There should be an increase in our traveling expenses, as we have no inspectors at Portland, Me., Philadelphia, Savannah, around the coast as far as New Orleans or Galveston, at Los Angeles or at Portland, Oreg., and it is necessary that men should be detailed to those places to inspect stations for licenses for ship and shore, to examine and license operators, and to inspect the ships going out of those ports. I will say in that connection, however, that many of the

ships going out of those ports call at other ports where we have inspectors. So that is not so important.

Secretary HOOVER. Generally, this is an industry whose development has exceeded all anticipations. Inspection is imposed by international agreement. I do not think that our inspection reflects to our national credit. I would rather abandon it than not do it effectively and not to hold up our end of the agreement.

Inspection becomes more essential in wireless industry every day, because the possibilities of conflict between wireless stations increases with the numbers.

The CHAIRMAN. So far this year you are running within your appropriation?

Mr. TYRER. Yes, sir.

FOR ADDITIONAL INSPECTORS, INCREASES IN SALARIES, AND PURCHASE OF NEW INSTRUMENTS.

The CHAIRMAN. I take it that a large part of the \$26,100 which you are asking for this year is for the purchase of new instruments; is not that true?

Mr. TYRER. No; the large portion is for the employment of more inspectors.

The CHAIRMAN. You can not expend that much, Mr. Tyrer, in the one month that will remain after this bill becomes a law?

Mr. TYRER. Mr. Chairman, we intend this as supplemental to the appropriation for 1922, not any of it to be expended this year.

Secretary HOOVER. I think this language is wrongly phrased; this is a supplemental estimate.

The CHAIRMAN. How much will you expend, approximately, for new instruments to bring your equipment up to date?

Mr. TYRER. \$3,500.

The CHAIRMAN. The rest would be expended, first, in increasing salaries of the employees and, second, in employing additional employees?

Mr. TYRER. Take it at Boston, for instance, we want to put in there what is known as a radio clerk. That is a clerk at \$1,400. That clerk is qualified to hold these examinations of operators and to mark the papers, which is now done by an inspector. By putting in a \$1,400 man we release the inspector, and that enables him then to keep outside on his inspection work entirely. This is not intended so much for the increase of the salaries of the men, but to get more men. We are not contemplating increasing the salaries to any great extent.

The CHAIRMAN. That will not help you so far as the turnover is concerned?

Mr. TYRER. It will not help us so much, although we have a grade of men likely to stay with us. We have only three of the original men. The rest of the force has left. Those men will stay with us at least until we can get to the regular estimates next December.

The CHAIRMAN. Is any of this money spent on inspecting shore stations, or is it all spent on apparatus on the ships?

Mr. TYRER. We inspect shore stations especially for licenses, which at present we can not do.

The CHAIRMAN. You are not doing it now?

Mr. TYRER. No, sir; it has been practically abandoned. We are inspecting only 50 per cent of the ships.

The CHAIRMAN. Do I understand you to say that the radio equipment on our ships is inferior to the radio equipment on foreign ships?

Mr. TYRER. No, sir.

The CHAIRMAN. The inspection is inferior?

Mr. TYRER. The inspection is not complete. It never has been. What there is, is first class. We can not inspect the ships; we have not the men.

The CHAIRMAN. You inspect the radio apparatus on our vessels as well as on foreign vessels coming into our ports?

Mr. TYRER. Foreign vessels carrying passengers.

#### FEES CHARGED BY FOREIGN COUNTRIES FOR SERVICES TO VESSELS.

The CHAIRMAN. Mr. Secretary, what objection would there be to have the expense of this license service borne by the ship operators?

Secretary HOOVER. I can not, at the moment, see any great objection.

The CHAIRMAN. What is done in other countries in this respect?

Mr. TYRER. I am informed by the chief inspector that there is a fee charged in Canada and in Great Britain, and perhaps in other countries.

The CHAIRMAN. I wish you would look that up and put in a note explaining just what is done.

Mr. TYRER. Yes, sir. I had understood that there was no fee charged.

NOTE.—I could not answer this question without some consideration, and as you requested I add to my statement the following:

The question seems to involve the general policy of fees for services to vessels, as probably Congress would not wish to single out wireless for special taxes. The general policy of maritime nations is to impose fees for services rendered, such as the measurement of tonnage of ships, issue of registers, approval of crew lists, etc., and of late years Great Britain has charged a fee for licenses for wireless ship stations and operators. These fees often take the form of a stamp tax. The United States followed from the beginning the policy of imposing fees for services of various kinds to American ships but by the act of June 19, 1886 (see navigation laws for 1919, pp. 549, 550) Congress abolished practically all these fees. At that time of course, the revenues of the country exceeded its expenses and Congress was concerned about a surplus not a deficit in the Treasury. The present situation is totally different, and a return to the fee system for services to vessels has ample precedent in our own history and in the current practices of maritime nations.

The following fees are charged in

*Great Britain.*—Ship station license, 5 shillings; experiment station license, 10 shillings; experiment receiving station license, 10 shillings; ship operators license, 5 shillings; watchers license, 5 shillings; duplicate of operators license, 10 shillings.

*France.*—Charges fixed by the minister of commerce, industry, agriculture, labor, posts and telegraph.

*Canada.*—Fees for licenses (stations) limited coast station, \$10; public commercial station, \$50; private commercial station, \$10; experiment station, \$5; amateur experiment station, \$1; ship station, \$1; technical and training school station, \$1.

Fees for examinations operators' licenses: Extra first class, \$1; first class, \$1; second class, \$1; third class, 50 cents; experimental, \$1; amateur (no charge).

*Australia.*—Operators' examination, 10 shillings; operators' license, 5 shillings, duplicate license, 10 shillings; duplicate second copy, £1; duplicate subsequent copy, £2. Charges for station licenses fixed by the minister.

*Italy.*—Station license, £1t. 0.50 per annum; operator's license, £2.05.

*Hungary.*—Station licenses, 20 crowns per annum.

*Japan.*—Operator's license, first grade, 2 yen; second and third grades, 1 yen; renewal of license, 30 sen; duplicate license, 30 sen.

*Newfoundland.*—The charge for station licenses is fixed in the discretion of the postmaster general.

*Spain.*—The proprietor or licensee must pay all expenses incurred by the official inspection. These expenses comprise a sum which will be fixed by the postmaster general and which must not exceed 2,000 pesetas per annum, to be paid to the inspector in monthly payments as a reward for his services, and in payment for all office expenses.

*New Zealand.*—The licensee shall pay to the minister of telegraphs for and in respect of the license granted, and of every renewal thereof, a royalty of 5 shillings in respect of each ship station included in the license.

The CHAIRMAN. As I understand, you say that there is complaint from other countries that our inspection is not up to the standard?

Mr. TYLER. No, sir; the complaint is that our stations are not licensed. The inspection of stations for licenses, the best we could do under the most favorable circumstances would be two a day.

#### FOR MEDALS OF MERIT TO THE MERCHANT MARINE.

The CHAIRMAN. You are asking for a new provision: Medals of merit to the merchant marine, \$13,000?

Secretary HOOVER. That is simply to enable the department to carry out an act already passed, for which no appropriation has been made.

The CHAIRMAN. Do you believe that it will require an annual expenditure of at least \$13,000?

Secretary HOOVER. I think it is more or less estimated, as there is as yet no actual experience to go upon. There is the three-year limit.

The CHAIRMAN. That act provides for the conferring of those medals during the war period, and there is a limitation of three years within which the medals may be conferred. Is it the purpose that the work of conferring those medals will be entirely completed within the next year?

Mr. TYLER. I think not. I think it will take longer than that under the terms of the act. Under the terms of the act I think this organization will have to continue three years.

Mr. BYRNS. How do you arrive at this estimate?

Mr. TYLER. The estimate of the number of medals that will be required was based on the fact that in the merchant marine there are about 35,000 officers and men who are engaged in overseas trade and were during the period covered by this act. Of this number there were 35,000 officers and men who were on vessels which were torpedoed, and that was the basis of the estimates which were made by the bureau. These estimates, however, were sent to the ship-owners' association at New York, and the matter was gone over by some of the leading shipping men over there, who also approved the estimates. They think that 500 medals will be about what will be required, and the cost of the medals, which is estimated at \$4,000, was arrived at by the Fine Arts Commission. All the other estimates covering the force that will be required we arrived at here upon an estimate of the amount of work that will apparently be required.

Mr. BYRNS. Do you expect to have a considerable clerical force?

Mr. TYLER. It is proposed to have a board of award consisting of from three to five men to serve without compensation. They are to

be men of standing in the shipping world, whose award would probably not be subject to criticism. When claims are made for medals, it is proposed to have those claims and the evidence in support of the claims brought together by a clerk in charge of this work. The estimates provide \$2,000 for him. Then there will be considerable correspondence in connection with it, and one stenographer is provided. Then for the filing and keeping up the office work we provide for a clerk. We provide for a stenographer and clerk at \$1,000 each, and that will be the office force, consisting of three men. There is a provision made for a typewriter and some office furniture and supplies, and there will have to be a provision for travel and expenses for members of the board.

Mr. BUCHANAN. What do you think the medals will probably cost?

Mr. TYRER. About \$4,000.

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SATURDAY, MAY 7, 1921.

BUREAU OF FISHERIES.

STATEMENTS OF DR. HUGH M. SMITH AND MR. WARD T. BOWER, BUREAU OF FISHERIES.

INDUSTRIAL ASSISTANT—EXPENSES OF ADVISORY COMMITTEE.

The CHAIRMAN. For the salary of one scientific assistant at \$3,500 per annum for the remainder of the fiscal year 1921 and for the fiscal year 1922, you are asking \$4,083.34.

Secretary HOOVER. That title "scientific assistant" is a mistake and it ought to be industrial assistant. The second proposition as to traveling expenses of committee and this first item should be discussed together. The project I had in mind was that we could secure a great deal of cooperative action among the producers and the distributors of fish for the elimination of waste and the development of the fisheries generally, if we were able to assemble them to cooperative action. Therefore, we are here asking for a special assistant, who would devote himself to that work and for the necessary traveling expenses incident to assembling committees from the industry.

As to the latter item of \$10,000, I think if we had \$5,000 it would do for the present. This is practically a supplemental estimate all the way through, as there is nothing much that could be accomplished under these estimates during this fiscal year. There are many directions in which the fisheries need service. There is a valuable experience gained during the war in service by the members of the industry, both from producers and from the distributors. We believe that a great deal of service could be secured if we could again assemble that type of action. Some expense is necessary, for the reason that the sort of men that we would like to secure for these committees are often men who can not afford to pay their traveling expenses. Therefore, we need some allowance for this purpose.

The CHAIRMAN. It is not proposed to pay these advisory committees any compensation?



Secretary HOOVER. No, sir. We probably would need to form six or eight of such committees. For instance, we could probably secure considerable cooperation among the salmon fisheries in Alaska. The condition of the migratory fish industries is steadily degenerating. We could add some protection to the fisheries by voluntary action in the industry. We could at least turn their opposition to protective measures into support if we placed it upon a basis of cooperation with the Government. There are also many problems of fish distribution in the interior of the country. We would like to secure some cooperation from the distributors in eliminating waste and improving the methods of distribution. In other words, the purpose is to stimulate the trades themselves to take action in the protection of their own industry.

The CHAIRMAN. Do you see some necessity for action of that kind, Mr. Secretary?

Secretary HOOVER. Yes, sir; I think there is a great deal of necessity. For instance, there can be no doubt that the condition of our migratory fishes is not improving. There are so many conflicting elements that we must create some cooperation in solution. For instance, we must have cooperation between the States in the matters of legislation where jurisdiction is divided. We can only secure this through the fishing industry itself, supporting it instead of rival groups in different States opposing it.

There are the problems of water pollution, such as the result of cleaning of tank vessels at sea. The oil upon the water is doing great damage to the fisheries. We can best study the problem through committees of the industry itself. Before we plunge into an area of regulation in attempting to solve these problems, I feel that it would be unquestionably better and more economical if we could stir the industries to determine and support the action necessary by the Federal and State Governments. To do that, we must be able to organize the various branches of the industry itself.

The CHAIRMAN. This industrial assistant would have charge of the work of stimulating the fishing industry in cooperation with you and in bringing about some cooperative methods that would improve the whole situation.

Secretary HOOVER. That is the idea; to have some man who can devote himself to this problem of securing such action.

The CHAIRMAN. You have no one who could be used in that way?

Secretary HOOVER. No, sir; we have no man of that type. The present staff is a small staff and is very much engaged.

#### MAINTENANCE OF VESSELS.

The CHAIRMAN. For maintenance of vessels and launches, etc., you are asking \$4,422.

Dr. SMITH. We have confronting us a deficiency which has not yet occurred, but which will certainly come. It amounts to \$4,442, and is due entirely to some extraordinary expenses that we had to meet in connection with the vessel that is used at the Seal Islands in Alaska in making trips between those islands and between the islands and the mainland. During this year that vessel was called upon to make trips to the islands, at a time of the year when no vessel had ever before been able to go there, taking supplies for the Government

emphases and natives. The vessel was caught out in a very heavy gale, and was obliged to undergo repairs amounting to this sum.

THE CHAIRMAN. What service does that vessel perform?

Dr. SMITH. That vessel was given to us by Congress a few years ago in order that we might keep those islands in touch with one another and with the mainland of Alaska. The islands are 250 miles off shore in Bering Sea, and they form the most isolated community imaginable. Until that vessel was provided, the islands had no communication with each other or the mainland during the period from autumn until spring. The vessel takes supplies and persons to the islands and carries back persons and the products of the islands, consisting of seal and fox skins.

The CHAIRMAN. During what portion of the year does it operate?

Dr. SMITH. During the entire year.

The CHAIRMAN. How large a vessel is it?

Dr. SMITH. It is not a very large craft. It is a modified fishing vessel, but is a very stable and able craft.

The CHAIRMAN. What kind of power does it have?

Mr. BOWER. It is an internal-combustion engine. The vessel is about 90 feet in length.

The CHAIRMAN. What did it cost?

Mr. BOWER. \$27,500.

The CHAIRMAN. What is the nature of the repairs you have got to make?

Dr. SMITH. We needed to repair the engine, and the bill for it has already been paid, amounting to \$1,738. The bill for repairs to the hull, amounting to \$1,020, is unpaid. In order that the vessel might be laid up where the hull could be examined and repaired, it was necessary to send her quite a distance, and the balance of this appropriation represents the cost of the extra fuel.

The CHAIRMAN. Is this a wooden vessel?

Mr. BOWER. Yes, sir. We have on hand one voucher now amounting to \$1,347 for fuel, which was incurred in making this long voyage to a place where she could be repaired. That voucher is unpaid.

The CHAIRMAN. You have actually incurred the deficiency, practically?

Dr. SMITH. Not when we consider the entire appropriation, because our expenditures up to May 2, and the obligations and charges against this appropriation of \$120,000, including unpaid vouchers on hand, amount to \$118,000. We have a surplus of about \$2,000, but out of that we have to meet our vessel work for the remainder of the fiscal year, chiefly fish-cultural operations for which vessels are required, and there are some additional repairs to make on that vessel and some extra fuel to be provided.

The CHAIRMAN. You have almost two months to run with approximately \$2,000 to pay the expense, whereas your expense per month if it were divided monthly, would be about \$10,000?

Dr. SMITH. Yes, sir. We would have been able to keep entirely within the appropriation had it not been for this emergency.

The CHAIRMAN. Practically all of this, then, is for the repair of that vessel and the expense incident to it?

Dr. SMITH. Yes, sir; this photograph shows what the vessel encountered in a gale in Bering Sea in February, when all of the upper

works were stove in by the weight of the ice and the waves. All hands had to go up on deck and chop away the ice so the vessel would not founder.

ALASKA GENERAL SERVICE—SPECIAL INVESTIGATION OF CONDITION OF YUKON RIVER.

The CHAIRMAN. For the Alaska general service, etc., you are asking for a deficiency appropriation of \$9,353.

Dr. SMITH. We had an appropriation of \$140,000 for that service, and we have what amounts to an actual deficiency of \$9,353, owing to certain conditions which were more or less of an emergency or unforeseen character. One of the items that we did not foresee at the time we submitted our previous estimates, when we secured appropriations for the current fiscal year, was a special investigation of the conditions on the Yukon River, about which there had been considerable controversy and complaint. The natives on the Yukon were complaining about the scarcity of fish, and they attributed the scarcity of fish to a salmon cannery at the mouth of the Yukon. There was a hearing on the subject before the House Committee on the Merchant Marine and Fisheries, and their action was deferred on a pending bill with the understanding that we would make this investigation, for which we expended \$2,500 of this appropriation. It was necessary to send a small party of men to the Yukon, and they made an investigation which has served as the basis for departmental action. The situation there is entirely satisfactory now, because as a result of this investigation the Secretary of Commerce has issued regulations which will have the effect of safeguarding the interests of the natives from this time on. We were not in a position to formulate the regulations until this investigation was made.

The CHAIRMAN. That accounts for \$2,500 of it.

EMPLOYMENT OF DENTIST AND A PHYSICIAN.

Dr. SMITH. Yes, sir. Another item arose from sending a dentist to the islands in order that the teeth of the 325 natives might receive proper attention. There had never been a dentist on the islands, and we felt that we owed it to those people who are our wards to put their teeth in as good condition as possible. We employed a highly efficient young dentist, and his salary and all of his expenses in going to and from the islands amounted to \$900. That was money exceedingly well spent.

The CHAIRMAN. How long was he there?

Mr. BOWER. From spring until fall. There is necessity for further work of that character, and we hope to send another dentist this year.

Dr. SMITH. Another item amounting to \$1,700 was occasioned by the necessity of replacing a physician whom we employed and sent to the islands, but who immediately after getting there was obliged to give up the appointment and come back.

The CHAIRMAN. That was a physician?

## TRANSPORTATION OF SUPPLIES.

Dr. SMITH. Yes, sir. Last year the Navy came to our assistance and undertook to transport some supplies, and they did so to a very considerable extent. That was because the Navy has a wireless station on the island, and was sending a naval vessel anyway with wireless supplies. The vessel was unable to complete the discharge of all our cargo, and left some of it at Unalaska, where it had to be stored and protected, for which we will have to meet an expense of \$1,300. That is for the storage, care, and handling of those supplies.

Mr. BOWER. That expense is unpaid, and is an outstanding obligation of the Government.

The CHAIRMAN. What is the condition of your balance?

Mr. BOWER. The appropriation is actually in a state of deficiency now. The appropriation was \$140,000.

Dr. SMITH. The vouchers actually paid and on hand unpaid amount to \$140,416.

Mr. BOWER. There are vouchers in transit right now to the extent of \$3,854 for emergency purchases of supplies for natives of the Pribilof Islands, and we have them under order to the extent of \$2,480. We are receiving telegrams almost daily from the Pribilof Islands for additional food supplies.

The CHAIRMAN. The stores of food supplies have been exhausted?

Mr. BOWER. Yes, sir.

Dr. SMITH. In certain items.

Mr. BOWER. In certain essential items they have been exhausted. That sum does not refer to fancy goods.

Dr. SMITH. A part of its exhaustion, and, perhaps, the major part of it, was due to the necessity of sending additional native helpers to the seal islands last summer in order to assist them in the sealing operations. This is a very proper charge, because it is a good business proposition from the Government's standpoint. If we do not send additional help, we will be unable to take all the sealskins that are available and the Government's revenues will be reduced accordingly.

The CHAIRMAN. How many natives are engaged in the sealing industry?

Dr. SMITH. Practically every able-bodied man, woman, and child assists in some way in the sealing operations in the course of the year.

## REVENUES.

The CHAIRMAN. What has been the revenue from that source this year as compared with last year?

Dr. SMITH. The revenue received in 1920 from the sale of 14,000 sealskins, the total number of sealskins taken that year being about 28,000, was \$1,369,000.

Mr. BOWER. In the last quarter, we covered into the Treasury over \$1,000,000, and there are many skins still on hand.

Dr. SMITH. There are 41,000 skins still on hand, and, with the rising market for fur, they ought to yield a handsome revenue for the Government. Out of the sale of those skins we have to look after the share of Great Britain and Japan, amounting to 15 per cent each under the fur-seal convention.

Mr. BOWER. May I add that for the coming fiscal year you have granted \$165,000 for this same work, so that you can appreciate what difficulty we have in getting along with the \$140,000 for the current fiscal year.

SATURDAY, MAY 7, 1921.

BUREAU OF FOREIGN AND DOMESTIC COMMERCE.

STATEMENT OF MR. C. E. HERRING, BUREAU OF FOREIGN  
AND DOMESTIC COMMERCE.

FOR ADDITIONAL EMPLOYEES AND INCREASES IN SALARIES.

The CHAIRMAN. Your first item is as follows:

For the following additional positions for the fiscal year 1922: Two assistant directors, at \$4,000 each; expert on commercial laws in foreign countries, \$4,000; and for increased compensation during the fiscal year 1922 for the following positions, carried in the legislative, executive, and judicial appropriation act for such year: Assistant directors—one from \$3,500 to \$4,500, one from \$3,000 to \$4,500; chief clerk from \$2,250 to \$3,000; two messenger boys from \$420 to \$480 each; in all, \$15,370.

GENERAL STATEMENT.

Secretary HOOVER. Mr. Chairman, that proposal is a part of the whole sequence of proposals with regard to the Bureau of Foreign and Domestic Commerce in a practical reorganization of the bureau to meet the present commercial situation and the problems involved in our foreign trade. It starts fundamentally with this proposition, that we maintain, through the bureau and the Consular Service, a great agency for recruiting foreign commercial information; and that we lack one primary link in that chain that would make this service of its full value to commerce. The link we need is to bring the service into direct connection with the industries of the country. A little later in the text, we are proposing to set up 12 small divisions in the bureau comprising experts in different industrial groups, machinery, cotton, wool, and textiles, chemicals and dyes, minerals and oils, certain foodstuffs, etc., with a view to establishing efficient cooperation with those special industrial groups. These divisions are to direct the foreign service so as to secure the results from the service that are needed by the industries themselves. On the other hand, they are to distribute his preparation among those groups. From these men we will furnish experts for special investigations into particular trade conditions abroad requiring special skill.

We have in view the setting up of service committees in some of the different industrial groups. These committees will be purely voluntary and their object is to assist the bureau in guiding our foreign service to practical results for the industry, and on the other hand, to give encouragement to the industries to push ahead. In order to carry out that plan effectively, we need to have a few men who are expert in their particular branches of industry.

For instance, in the automobile trade—now one of our large exports—we need someone in the bureau in Washington who is an expert in that industry, who can secure as far as may be collective

activity of the trade in the expansion of our exports, who can instruct our foreign service as to what the industry needs by way of the complex questions involved in exports and markets, and who can assure the distribution of this information back to the trade, and can stimulate the trade to take action under it. One difficulty now is that a large amount of information comes in, and we are not equipped to give it adequate preparation and distribution. Another is that information is collected abroad by men without expert direction from home, having in view the particular necessities of our different industries. The foreign service employees endeavor to the best of their ability to secure information that will be of use to the American trade, but who are without proper direction from home. In other words, we lack a general staff in planning and plotting out the directions where we can extend our commerce to the best advantage. The world is faced with an entirely new era in foreign trade. Due to the economic situation abroad, there is a growing tendency to consolidate for militant export purposes in practically every country in Europe. This is developing in two directions. The consolidation of industrial concerns by mergers of capital, and in this direction the developments are more general even than in the United States before the antitrust laws. There is another type of combination for export trade which consists in the direct combination of exporters for unity in the exploitation of foreign markets.

If we are to meet these combinations, we must secure more collective action on the part of our industries. I have a feeling that if we are to hold our own, we must at least be able to furnish the special information upon which our people can act and such information must be secured under expert direction.

There is another new factor in foreign commerce that requires a great deal of study and consideration, and that is a new type of foreign combination—combinations for imports. For instance, practically the whole buying of hide and leather for the United Kingdom is now in one organization. We have similar combinations in coal, food, etc., in many directions. The result of those combinations is to more or less dictate prices within the United States. We must have a general staff of specialists to work out, in cooperation with our own industries, policies and methods by which we can meet those forces. We have a case in the matter of oil. Our own oil resources are estimated to hold present production somewhere from 18 to 20 years; we are producing now 65 per cent of the world's oil, and we have an estimated proportion of the world's oil-bearing territory of from 25 to 30 per cent. We are not securing our foothold in foreign oil fields. The matter has been before Congress on several occasions and it is a matter of general agitation throughout the country. The technical bureaus of the Government have developed the technical material with respect to world oil resources but the information as to the commercial action that is necessary is entirely unorganized.

It seems to me that one of the first functions of the Department of Commerce is to see that such problems are taken in hand and that we should secure such energetic and collective action on the part of our oil industry as to secure our position for the future. Again it becomes a question of the general staff. One or two men in the Department of Commerce can not undertake all of these things; we must have some men who can devote themselves to the development of these

sorts of problems. In order to serve our industries we have this general fact to meet, that hitherto our export commerce has been based, except in a few industries, such as steel, oil, and one or two others, on an f. o. b. business; that we do not have American distributing agencies throughout the world to place our goods into the final market—that is, the retailer. We are dependent to a large degree on foreign wholesalers, often enough on British, German, French, and other nationalities. Our foreign distribution system is a sort of an army without any soldiers on the front, but with a good deal of a supply train. Without native Americans, under the American flag, doing our own distribution abroad we can not hold our own. The only point at which the Government can enter upon that is through a process of information and stimulation to our people to take such action.

That is one part of the reason we wish to set up what we have called industrial divisions, that we may have the special staff and the understanding to stimulate our people to action. The manufacturers require not only specific trade information as to opportunities abroad but they will need, if we are to maintain our commerce, a greater mass of information regarding the competitive ability of foreign manufacturers to compete with American industries; they need advice as to the probable increased or diminished competition of foreign manufacturers in our domestic markets; specific information as to trade practices and distribution facilities affecting American manufacturers in foreign markets, and advice as to the sources of supply in regard to important raw materials and industrial channels, etc. These services, of which there are great multitudes, need to be inspired by an expert in the particular industry as to what the industry needs itself rather than a man of general information as to trade conditions as a whole. So it was felt that the greatest service that could be performed for American export commerce to-day was to create a general staff of men of familiarity with different industries to better cooperate with our industrial groups. This form of organization has received the strong support of the United States Chamber of Commerce, the Foreign Trade Council and some 30 different industrial organizations, and the Association of Editors of Trade Journals.

As to details, the first item in the appropriation is to increase the number of assistant directors and somewhat increase their salaries, in order to be able to improve the administrative staff necessary to handle this increase of staff. The next item comprises a proposal to bring back home some portion of our foreign commercial attachés and trade commissioners once in every two or three years in order that they may keep in touch with the United States and that they may be made familiar with our industries, thus going out afresh with a knowledge of what our conditions and needs are. At the present moment we are unable to bring them home for any length of time. This is a matter of improving the excellence of the service, not increased cost. There is a tendency on the part of men who are many years away, and in a particular country, to take on somewhat the color of the country to which they are assigned; they sometimes become as much interested in promoting the trade of a particular country as they are in promoting the trade of the United States.

Mr. SLEMP. That is taken care of in the proviso on page 99.

Secretary HOOVER. Yes, sir. The next item is a provision for the employment of clerks abroad at little larger salaries, because we have found that we have not been able to obtain men under the present provision.

The CHAIRMAN. The additional force you are requesting, two assistant directors, etc., and the increase in salaries, is the additional force you will require to carry out the program set forth in the items that follow.

Secretary HOOVER. Yes, sir.

The CHAIRMAN. Aside from the increases of salaries in the offices already created, it is proposed to promote men in the service to these new positions, or to bring in new men from the industries?

Secretary HOOVER. I would not be able to say at the moment. If we have men in the service who can undertake that work we would certainly do it by way of promotion, but the men who become the heads of these industrial divisions, as we call them, will probably have to be new men brought in from the outside and men who have been engaged in actual trade.

#### CONDITION OF EXPORT TRADE.

The CHAIRMAN. What is the present situation with regard to our export trade?

Secretary HOOVER. It has fallen more than 50 per cent in the last six months.

The CHAIRMAN. What was it formerly in dollars and cents annually? Do you have those figures?

Secretary HOOVER. Well, during the high-point period our total export trade ran up to \$8,000,000,000 per annum.

The CHAIRMAN. That was before the war?

Secretary HOOVER. No; during this high period since the war. We have dropped from as high as \$700,000,000 exports in a single month down to less than \$400,000,000.

The CHAIRMAN. I suppose a part of that decline was inevitable on account of rates of exchange and scarcity of money.

Secretary HOOVER. A certain amount of it is inevitable.

The CHAIRMAN. Mr. Secretary, what are we doing in the way of promoting our foreign trade as compared with other countries, taking into consideration our productive capacity in America?

Secretary HOOVER. Take the case of England, the most vigorous nation in promotion of its foreign trade. In their London bureau, which is similar to the Bureau of Foreign and Domestic Commerce, they have approximately 515 employees, as against our 203 in Washington, and they are expending, as near as we can make out, probably three times as much money in the promotion of foreign trade as we are at the present moment.

The CHAIRMAN. What would you say with regard to their productive capacity?

Secretary HOOVER. It is less than one-half the productive capacity of the United States.

The CHAIRMAN. How about the field forces of other countries and the field force which we have abroad?

Secretary HOOVER. I had the figures this morning, but I am sorry to say I can not find them now. But Mr. Herring tells me that they



have about 50 per cent more of a field force than we have. I can furnish you with comparative figures as to the British service.

The CHAIRMAN. Are you advised with regard to how their foreign trade has fallen off, if at all, during this period in which we have had this slump in our exports?

Secretary HOOVER. Their foreign trade has fallen off a great deal, but in less ratio than ours. I can not give precise figures, but will supply them to the record.

The CHAIRMAN. In percentage has it fallen off as much as ours?

Secretary HOOVER. No.

The CHAIRMAN. If you have them available, you might put in the record such comparative figures as you have, so that we will have before us the effectiveness of a more complete organization in stimulating foreign trade.

Secretary HOOVER. Very well.

*Amount of exports in dollars for each foreign representative of the respective governments.*

Country.	Total exports, 1920. <sup>1</sup>	Total personnel of foreign service.	Amount exports for each foreign representative.
Italy.....	\$247,150,000	26	\$9,500,000
Brazil.....	384,000,000	6	84,000,000
United Kingdom.....	5,342,000,000	80	66,800,000
France.....	2,243,000,000	19	118,000,000
United States.....	8,228,000,000	32	158,000,000

<sup>1</sup> Conversion values: Italy, \$0.05 to lire; France, \$0.10 to franc; Brazil, \$4 to pound sterling; United Kingdom, \$4 to pound sterling.

In the home office (London) of the Department of Overseas Trade there are approximately 515 employees, as compared with 203 in the home office (Washington) of the Bureau of Foreign and Domestic Commerce, of whom 35 are engaged in purely statistical work.

TABLE B.—Comparison of the decline in exports from the United States and United Kingdom.

Period.	1919	1920	1921	Percentage (+) increase or (—) decrease.
UNITED STATES.				
Calendar year.....	\$7,920,426,000	\$8,228,760,000	.....	+ 3.9
Month of January.....	.....	722,064,000	\$654,740,000	— 8.3
Month of February.....	.....	645,145,000	489,297,000	—24.1
Month of March.....	.....	819,556,000	338,515,000	—53.2
UNITED KINGDOM.				
Calendar year.....	3,194,552,000	5,342,276,000	.....	+39.0
Month of January.....	.....	423,520,000	371,024,000	—12.4
Month of February.....	.....	343,856,000	273,000,000	—20.6
Month of March.....	.....	414,796,000	267,236,000	—35.6

#### DUPLICATION OF WORK BY COMMERCE AND STATE DEPARTMENTS.

The CHAIRMAN. Mr. Secretary, this matter is one that has troubled this committee considerably in the past. There has been some feeling that the field force sent out by the Department of Commerce and

the commercial agents of the State Department were duplicating the work of stimulating foreign trade, and I think, perhaps, that situation has resulted, more than anything else, in a curtailment of appropriations. What is the situation with regard to that matter?

Secretary HOOVER. I think there is a pretty well defined line between the two services, and a line which we hope to develop still further; that the purpose of the Department of Commerce is the study of the larger economic currents and the things that more greatly affect trade, as distinguished from the removal of local obstructions, of the type our consular agents perform in connection with the difficulties of the merchants at the port. It is true that consular agents obtain a great deal of trade information, but it is information that is entirely local and information which one might call of a minute order, as distinguished from a broad investigation and survey of commercial conditions that affect our trade and our particular industries.

The Department of Commerce should more and more specialize through experts. For instance, take for example the export market in vegetable oils and cottonseed products. Our market lies in a particular area of the north of Europe and that market is not confined to territorial boundaries. It is a highly specialized trade. The individual consul, stationed at a particular port, can not have the vision of the whole market or the special skill necessary to promote economic investigation of the factors that increase or diminish the trade. He is a local man of general information, much overworked on port detail, where we need a man devoted to that specialization of industry that present competitive conditions force upon us. There is another factor that enters into all this. The very necessary approach of the many problems of the State Department must be with a great deal of deliberation. When it comes to dealing with a local obstruction in the marketing of our goods abroad, either through commercial laws, through interpretations or through the action of trade organizations, and one thing and another, the State Department has to proceed with a great deal of care, because even in a very local matter, affecting one merchant, the weight of our Government is brought to bear. Often enough informal advice of a business type of agents of the Department of Commerce serves to settle difficulties.

The organization of the vast amount of information required can be done more efficiently, from the point of view of industry and business, by men who are trained solely in business than by men who necessarily must have the many qualifications that the State Department employees require. The Department of Commerce can and must maintain a great contact with business in the United States. To do so it must prepare for all of the immense detail necessary to answer questions raised by the great trading public here. This can only be done under an organization familiar with industry and industry's requirements rather than a department whose major purpose is another type of service and therefore of personnel. The distinction between these two services, I think, can be worked out without any great difficulty.

## INVESTIGATION AND SURVEY OF PETROLEUM RESOURCES.

The CHAIRMAN. I do not know whether your attention has been called to it or not—and I do not recall the agency that will have the administration of the fund—but the sundry civil appropriation act carries \$35,000 for an investigation and survey of the petroleum resources of the world.

Secretary HOOVER. In that particular case the investigation will probably be carried out by one of the technical bureaus of the Government, or the Department of Commerce could carry it out with their assistance. When it is done it provides the technical material as to the world's oil resources, but the problem of the legal and commercial surroundings of those particular situations and the even greater problem of organizing American entrance into those fields and securing a foothold are problems that need commercial organization at home.

The CHAIRMAN. Then I misinterpreted what you said with regard to that. I thought you felt that some expenditure ought to be made out of this for the investigation and survey of foreign fields, but your idea is to confine your activities, if you do not have that appropriation, to the United States?

Secretary HOOVER. Purely for work here.

## PROMOTING COMMERCE—ASSIGNMENT OF FOUR TRADE COMMISSIONERS FOR DUTY IN WASHINGTON.

The CHAIRMAN. You have appropriated for next year \$325,000 for investigations in the United States and abroad?

Secretary HOOVER. Yes, sir.

The CHAIRMAN. With a limitation that not more than \$100,000 shall be expended in the United States, and you are asking that the following proviso be added:

*Provided further*, That not more than four trade commissioners may be recalled from their foreign posts and assigned to duty in the Department of Commerce for periods not exceeding two years each: *Provided further*, That not more than \$25,000 of the foregoing sum shall be used for personal services in Washington, District of Columbia.

Does the \$25,000 contained in the last proviso increase by that amount the \$100,000 which you are authorized to expend in Washington, or is it to be a part of that?

Mr. HERRING. We are not authorized to spend any part of the \$325,000 in Washington.

The CHAIRMAN. I see; that is for the expenses of branch offices in the United States?

Mr. HERRING. Yes, sir.

The CHAIRMAN. Then that amount is in addition?

Mr. HERRING. No; this is not an addition to the total sum; this is merely an allotment of \$25,000 from that total for work in the District of Columbia.

The CHAIRMAN. Have you made an estimate of about what the expense will be to recall four of the trade commissioners?

Mr. HERRING. We should like to recall them, if possible, at the salaries they get in the field in some cases, and to that would have to be added their transportation.

The CHAIRMAN. I had reference to the cost of transportation, etc.

Mr. HERRING. I should say that an outside limit would be \$6,000.

The CHAIRMAN. Mr. Secretary, how long do you expect to keep them here?

Secretary HOOVER. Anywhere from six months to two years.

The CHAIRMAN. That is for the purpose of permitting them to keep in touch with American conditions.

Secretary HOOVER. Yes, sir. We do not intend to give them any holidays but put them on special services.

**COMMERCIAL ATTACHÉS—FOR ADDITIONAL CLERKS AND INCREASES IN SALARIES.**

The CHAIRMAN. How many additional clerks do you intend to provide for the commercial attachés? You have now one clerk to each commercial attaché and you desire that changed so that it will read "and for clerks to each of said commercial attachés."

Mr. HERRING. That would depend, sir, upon the status of the office. We have found that one clerk is entirely insufficient for the work of an important attaché's office; there might be three clerks in some cases and there might be only one in others.

The CHAIRMAN. Then you are asking that the salaries be increased so as not to exceed \$2,500, whereas now the provision is that the salaries can not exceed \$2,000?

Mr. HERRING. Yes, sir.

The CHAIRMAN. Do you think that necessary?

Mr. HERRING. We have found in several instances that that is necessary, but it does not mean that we would increase all the salaries automatically to \$2,500, and probably we should increase comparatively few.

The CHAIRMAN. As a general rule, are these clerks taken from the United States?

Mr. HERRING. Yes, sir.

The CHAIRMAN. And they pay their own expenses?

Mr. HERRING. No, sir.

The CHAIRMAN. I mean their living expenses?

Mr. HERRING. Yes, sir; but not their traveling expenses.

The CHAIRMAN. After they are stationed at a place they must pay all of their living expenses out of their own salaries.

Mr. HERRING. Yes, sir; this represents their total income from the Government.

Secretary HOOVER. This is not an increase in appropriation, but an increase of flexibility within the appropriation.

**ASSIGNMENT OF COMMERCIAL ATTACHÉS FOR DUTY IN WASHINGTON.**

The CHAIRMAN. Then you are asking that the provision with regard to commercial attachés, carried in the legislative bill, include the following proviso:

*Provided, That not to exceed two commercial attachés may be recalled from their foreign posts and assigned for duty in the Department of Commerce without loss of salary, such assignment to be for a period of not more than two years, unless the public interests demand further service, when such assignment may be extended for a period not to exceed one year and no longer.*

You want to call the commercial attachés back for the same reason you have assigned for calling back the trade commissioners?

Secretary HOOVER. Yes, sir.

Mr. HERRING. That is the same provision that the State Department, the War Department, and the Navy Department have as to their foreign attachés.

**EXPORT INDUSTRIES—FOR THE ESTABLISHMENT OF INDUSTRIAL DIVISIONS.**

The CHAIRMAN. Then you are asking for a new bureau or division as follows:

Export industries: For the establishment of industrial divisions in the Bureau of Foreign and Domestic Commerce, Department of Commerce, whose duties shall be to investigate in the United States and abroad and to report on domestic as well as foreign problems relating to the production, distribution, and marketing in so far as they relate to the important export industries of the United States, including the employment of experts, special agents, and personal services in Washington, District of Columbia, and elsewhere, transportation of persons, traveling and subsistence expenses, purchase of furniture and mechanical equipment, reference books, periodicals, trade journals, postage stamps including special-delivery stamps, stationery and office supplies, and all other necessary and incidental expenses not included in the foregoing, to be expended under the direction of the Secretary of Commerce. fiscal year, 1922, \$250,000.

Have you worked out a force that will require this expenditure?

Mr. HERRING. Yes, sir; that is in the estimate.

The CHAIRMAN. What part of this estimated appropriation is it proposed to spend in Washington, or is all this to be spent in Washington?

Secretary HOOVER. The greater part of it.

The CHAIRMAN. Nothing is included for a field force?

Secretary HOOVER. No. By a field force do you mean inside the United States or abroad?

The CHAIRMAN. Abroad.

Secretary HOOVER. We are not proposing any permanent additions to the field force abroad. There must be some special investigation into a special industry abroad, but it would merely be in the nature of an investigation rather than permanent establishment.

The CHAIRMAN. You have covered this item pretty fully in your general statement?

Secretary HOOVER. I think I have, Mr. Chairman.

Mr. BUCHANAN. Let me see if I understand this item. Is this force in Washington, or practically all of it, merely for the purpose of bringing the information gathered by your department to the attention of exporters and allowing them to take advantage of it, or is any missionary work to be done in foreign countries under this appropriation?

Secretary HOOVER. With the exception of special investigation of special industries abroad. In the main it consists of one man in each of the principal industries; a man skilled in the trade and commerce of that industry, with an alternate who will maintain a sort of liaison between the foreign service and the industry, who will keep in touch with a particular industry, direct the foreign force to the best service for that industry, will distribute the results of all his foreign service back to the industry, and who will endeavor to

stimulate the industry to take advantage of such opportunities and information as are thus more efficiently developed.

Mr. BUCHANAN. And you think that an agency here in the United States can effectively do that?

Secretary HOOVER. I think it is vitally necessary in order that it should be done.

Mr. BUCHANAN. There is nothing included under this appropriation to establish American agencies abroad to act for the American exporters. You know you stated a while ago that we were dependent upon foreign agencies to handle American export products. There is nothing in this appropriation that includes that.

Secretary HOOVER. What I was speaking of a while ago was the deficiency in the American trade distribution system of actual American wholesalers abroad. I pointed that out as one problem on which we wanted to give education amongst the American industries. We propose to use men of specialized industrial skill to stimulate the creation of this first line of defense in any way we properly can. We have no notion of the Government going in the business, of course.

Mr. BUCHANAN. Then, this bureau is to be composed of expert advisers for the industries of America?

Mr. HOOVER. That is precisely it, and, perhaps, is a better definition.

The CHAIRMAN. These bureaus or agencies will have to do solely with manufactured products?

Secretary HOOVER. Yes; and the products of agriculture.

The CHAIRMAN. We have an appropriation for that purpose, and it is not intended to duplicate any of the duties performed under that?

Secretary HOOVER. No.

Mr. BUCHANAN. It looks to me like this language would be broad enough to cover all exports, whether agricultural products or otherwise, but you say that is to deal only with manufactured products.

Secretary HOOVER. There are problems in agricultural products that we probably will need to deal with. The Agricultural Department maintains some agents abroad, but those agents, again, are not so much for the promotion of the sale of American foodstuffs abroad as they are to secure information of importance to American agriculture in production questions.

Mr. BUCHANAN. I do not think the Agricultural Department promotes our foreign commerce at all practically. It just gathers information and statistics. Is it your construction of the act creating the Bureau of Foreign and Domestic Commerce that it is limited to manufactured products?

Secretary HOOVER. No, and one of the divisions we propose to establish, for instance, is on cotton and cotton goods, and textiles generally, which goes directly into the agricultural field.

Mr. BUCHANAN. Is there to be anything in reference to the export of the raw material of cotton?

Secretary HOOVER. Yes; we propose to establish one of these divisions on cotton and wool and textiles generally.

The CHAIRMAN. This will be so divided that you will have an expert in each of the great groups into which our industries are divided?

Secretary HOOVER. Yes. We have not defined them precisely, because we felt that a little experience would enable us to arrive at it better, and by the time we come before you again we will have the precise assignments worked out.

SATURDAY, MAY 7, 1921.

BUREAU OF STANDARDS.

CONTINUATION OF INVESTIGATIONS OF STRUCTURAL MATERIALS.

STATEMENTS OF DR. S. W. STRATTON, DIRECTOR BUREAU OF STANDARDS, AND MR. FRANKLIN T. MILLER.

The CHAIRMAN. For the Bureau of Standards, you are asking \$50,000 additional for continuation of the investigation of structural materials, such as stone, clays, cement, etc. You have an appropriation for next year of \$125,000 and you are asking \$50,000 additional.

Secretary HOOVER. I will ask Dr. Stratton to make the initial statement with regard to that item, and then I would like Mr. Miller to speak to you about one phase of it for a few minutes.

The CHAIRMAN. Doctor, what is the purpose of this additional appropriation?

Dr. STRATTON. The particularly pressing item that has come up in this field at the present time is that in connection with the building situation. The bureau has been called upon in the past to furnish information regarding structural materials, but that has been confined very largely to Government work and investigations of materials to a certain extent for the public; very largely the testing of materials for Government work.

The housing and building situations generally have become very critical. We are called upon for a vast amount of information as to the properties of material, types of construction, and certain forms of standardization, which we are unable to do with our present funds, and it will be necessary to have an extension of those funds if we are to take the lead in this sort of thing and pave the way to better and simpler forms of building construction. It is pitiful to see the waste of money all over the country in ordinary buildings. The time is coming, and coming very rapidly, when we must pay more attention to the housing of the public, the quality of it, its lasting properties. Wood is fast disappearing, and the building of the future must be made of fireproof materials; it must be made more sanitary and more safe. We have paid quite a good deal of attention in this country to the things that are needed in heavy construction, office buildings and so on. They have been fairly well worked out, but the other buildings, which at the present time is more important, has been almost totally neglected, except through the work done by the associations of the producers of these materials. They are doing a good work, and of course, we would cooperate with them especially in working out some of the scientific data needed. As, for example, a few days ago a brick manufacturer came along, or rather a representative of the association, and presented a plan for laying out bricks which it was claimed saves 25 per cent of the material. It

was more or less of a hollow wall. They wanted this laid up and tested for strength, which was done. They wanted its fire-resisting properties tested, its strength, and a number of other things regarding it had to be tested out before it could be allowed in any form of building construction.

We are frequently called upon by the cities and by officials generally to give an official opinion as to whether this or that should be allowed under suitable conditions. Then, again, the building codes of our country have been largely built up from the standpoint of heavy city construction and what can be allowed in a certain class of structures. It is just as essential that we should know what can be allowed as to materials or construction in a lot of other cases, what their strength is, and where we can use them, and where we should not use them. The whole subject of building codes is in chaos, as it were. Most cities have their own building codes, and there is no central agency to get them together and compare the different forms of codes; in addition, the bureau will work out some of the principal facts that are needed as they come up. Better and more uniform codes are urgently needed.

Secretary HOOVER. I think it goes rather further than that. We have almost a destructive influence through the building codes in the cities and towns of the country through the differences of their requirements. They have not been based on scientific study. They result in a needless increase in the expenditure in the entire building industry. The various associations of architects, the fire underwriters, and others, estimate that if we could secure some uniformity in building codes—and that is only one item of standardization—we could save anywhere from 10 to 20 per cent of the entire cost of building construction in the country, amounting anywhere from \$200,000,000 to \$400,000,000 a year. Some function of the Government needs to take the leadership, not in imposing a code, but in working out a code based on scientific data, and to develop it with the cooperation of the building forces in the country.

We have at the present moment assembled a voluntary committee of leading architects and representatives of fire underwriters and experts, generally, to study the problems of such a code, and after some progress has been made we will assemble the representatives of the different material trades to see how it fits in with manufacturing and building necessities. In other words, we purpose to build up cooperative action on the part of the building material men and the technical men in the industry, together with municipal engineers. If we could arrive at some common basis, as we undoubtedly can, then a code of that kind might secure gradual acceptance, because all of the forces in any given city would be behind its adoption.

Another phase is the problem of standardization of dimensions, etc., in building materials, such as hardware, windows, the thickness of walls, and all sorts of matters of that order so far as it can be arrived at by approval of the trades. We do not propose any suggestion of regulation or imposition, but a great deal has been accomplished by individual trade and professional associations, and more can be done if they have some point of leadership, someone to assemble their representatives together, with the Bureau of Standards, to make tests and work out scientific data for them. I have felt there was no greater stimulation we could give or greater service we could



perform in the present housing situation than to endeavor to work out some correction for the great wastes in the industry. Such cooperative action has no relation to restraint of trade, in fact is the reverse. Mr. Miller acted as the secretary for the Senate committee that inquired into the building situation. He is now assisting me as a volunteer in organizing some cooperative action in the trades to these ends. He has a great deal of information on the question at his finger tips, and I would like you to hear him on this question.

The CHAIRMAN. We will be glad to hear you, Mr. Miller.

GENERAL STATEMENT BY MR. MILLER.

Mr. MILLER. Mr. Chairman, I think the underlying motive of the Senate committee was to avoid these paternalistic measures which have shown themselves in Europe, particularly in England, where \$500,000 was spent in clerk hire a year for three years before any houses were built, and such things have shown themselves in the rent laws of this city and the rent laws of New York, and in the constitutional amendment in the State of Massachusetts, which empowered the State to go into the housing business. The idea was not only to save a financial loss, but a moral loss to the people in some form of subsidy to living conditions, which should come from personal effort.

After their hearings throughout the country they came to the final thought that some of the various palliatives, such as the rent laws and possible exemptions, and other things like that, may have to be undertaken temporarily, but that the only real solution is the encouragement of private initiative and the elimination of waste through scientific measures or through scientific processes.

The art of building has not progressed with the other arts, as, for instance, the development of the automobile industry, and the product is beyond the purchasing power of the buyer, and that is because the industry is divided into thousands of units, spread all over the country, just as agriculture is, and is in need of leadership as to processes and methods.

The first recommendation of this committee was along the line of this work which Dr. Stratton has explained. For instance, take the building codes of the country. I am familiar with some of them. There are 265 of them and some of them require 120 pounds per square foot for floor loads, others 80, and others 40 for the same kind of a building. Some of them require 16-inch brick walls, some 14, some 12, and some 8 for the same kind of building. Some of them take a uniform, homogeneous material, such as oak, and some will require 1,800 pounds and some 1,000, and so we are trying to develop the art of building or a building program in our country with restrictions of that sort placed on the industry, so that a material like a metal arch has taken nearly 20 years to become useful.

There are other restrictions besides the building codes, but there is no one clearing house of knowledge to-day that is acceptable to the industry as a whole. On the other hand, in the various cities and localities, there are self-interested people who rather obstruct in the formation of municipal ordinances in order to have particular goods put in.

The feeling of the Senators on this matter was that if the best knowledge of the art could be focused and made available to these thousands of units through their trade associations, a very material saving would be made on a very large amount of work. The Bureau of Standards is recognized throughout the industry as the peacemaker, but they have not the facilities to do the work with the speed and to the extent that is necessary, and as I understand this work, it will simply be, first, to take up the most flagrant question and settle that, and then successively others, and material results will flow from that work from the very beginning, especially through the feeling on the part of the industry that the Federal Government, through which the industry was disorganized, was taking an interest and was taking constructive and scientific steps to organize it and put it back on its feet. The reaction which has come from this proposition has been unanimously favorable. I do not think I have heard of an instance where it has not been.

Secretary HOOVER. That is reaction of the voluntary movement we are trying to organize amongst the trades, but we are very much handicapped because we are not able to carry on a minor expenditure compared to the total amount of ability and work we can secure. For instance, we can set up, I suppose, 20 committees who will give a large amount of time and skill to this problem of eliminating unnecessary waste and we need to be able to carry out the scientific investigation which they will require, and, perhaps, to pay a little traveling expense and some clerical hire for these committees. If we were to attempt to replace the skill that can be assembled this way by bureaucratic organization it would cost many hundreds of thousands.

The CHAIRMAN. While the industry is a progressive one and while building, of course, will change as new discoveries and inventions come into use, yet, as I understand, we are way behind in having any clearing house or any well defined standards that are accepted uniformly throughout the country, and it is necessary to have that in order to bring down prices.

Secretary HOOVER. Exactly.

The CHAIRMAN. How long will it take you to bring about the standardization that you have in mind?

Dr. STRATTON. We can only bring this about by taking up, as Mr. Miller has said, the most flagrant cases at first and working them out case by case. There are a number of very excellent problems in progress to-day which are almost at a standstill because of the lack of funds for carrying them out, such as the fire-resisting properties of these materials, and some of them are problems requiring the highest technical skill, which, if worked out at one place, would serve the whole country so far as information is concerned; and an equally important matter is the bringing together and organizing, as the Secretary said, of these people who are quite willing to do the greater part of the work outside of the actual experimental work required.

The CHAIRMAN. How far would you advance on this work during the next year with this increased appropriation?

Mr. STRATTON. I think a great deal could be done in the next year.

Secretary HOOVER. We would assemble most of the committees and make them go to work right away on the most flagrant wastes to see

if we can get agreement of the method of elimination. I think we could make progress by voluntary action in the matter quickly.

The CHAIRMAN. And the size of your appropriation for next year will not justify your doing this work in addition to the work you already have on hand?

Mr. STRATTON. No, sir; not at all.

Mr. BUCHANAN. Doctor, do you go into the different characteristics of various materials that enter into the manufacture of brick and cement and things of that sort?

Mr. STRATTON. Yes, sir.

Mr. BUCHANAN. And say what should or should not enter into the manufacture of them?

Mr. STRATTON. Yes, sir. We try to point out what the effect of a certain material on the quality of the product is and in that way establish general laws as to what should be done.

Mr. BUCHANAN. Then if the Bureau of Mines is doing or undertaking to do the same thing, there is duplication of work.

Mr. STRATTON. I do not think it is a duplication. We attack the problem from the standpoint of the manufactured article, and in setting up standards of quality we must ascertain the effect of its various properties; that is, whether this will make it good or that will make it bad.

Mr. BUCHANAN. That involves a complete study of it.

Mr. STRATTON. No; we do not go into the problem of getting it out of the ground or anything of that sort.

Mr. BUCHANAN. I am not talking about that. I am talking about the manufacture of the finished products, such as cement, bricks, and things of that character, out of materials already mined. You go into that thoroughly?

Mr. STRATTON. Yes, sir. We do not go into it as thoroughly as we ought to, but we do as far as we can.

Mr. BUCHANAN. I mean that is the object of your efforts and that is the object of the appropriation that is made.

Mr. STRATTON. Yes, sir.

Secretary HOOVER. And I believe it is of greater service to approach this whole problem from the point of view of the commerce in these matters than to approach it purely from the point of view of production. In other words, the object of all this is a study and elaboration from the point of view of the purpose of these things rather than from the method by which they are accomplished. The use will in the end dominate production.

Mr. BUCHANAN. But in the main the object is to determine the actual service of the manufactured product or the efficiency of it, or the durability of it.

Mr. STRATTON. Yes, sir.

Secretary HOOVER. And the simplification of it.

APPROPRIATIONS REQUESTED BY BUREAU OF MINES FOR SCIENTIFIC  
STUDY OF THE METHODS OF MANUFACTURING BRICK AND NON-  
METALLIC SUBSTANCES.

The CHAIRMAN. The Bureau of Mines has asked for an appropriation of \$47,500 with which to make a scientific study into the methods of manufacturing brick and nonmetallic substances used largely in

building, with a belief on behalf of many of the manufacturers, as I understand it, that by cooperative Government investigation along that line the Government would be able to discover cheaper and better ways of making these substances that are used in building brick and hollow-tile houses. Is it your purpose to engage in any of that work?

Mr. STRATTON. To a certain extent. Our appropriations already carries a fund for the investigation of the clay products and in so far as the properties of constituent materials enter into the qualities of the finished products, it will be necessary for us to investigate them.

Secretary HOOVER. There is an area of part conflict here and my impression is the Bureau of Standards has been built up as the great physical laboratory of the Government and therefore should conduct this sort of investigation. What we are proposing here only overlaps at one point; that is, in clay products, and in that only in production methods. There is more to it than production methods; that is, the best use of the article and the best types for use.

Mr. STRATTON. This particular problem I thought had been settled because it has come up before and I thought it had been settled that the Bureau of Standards was to undertake this phase of the work; we have already an appropriation for the purpose.

The CHAIRMAN. When Mr. Bain, of the Bureau of Mines, was before us the other day, in explaining an estimate reading as follows:

For inquiries and scientific and technologic investigations concerning the mining, preparation, treatment, and utilization of heavy clay products, cement, feldspar, slate, and other nonmetallics, including all equipment, etc.

My understanding was from his statement that there had been some sort of agreement between your bureau and the Bureau of Mines that that work should be done by the Bureau of Mines.

Mr. STRATTON. Yes, sir. The agreement is that matters pertaining to the mining of the clay and its preparation for manufacture go to the Bureau of Mines; that we investigate the manufactured article and the effect of the constituent material or treatment of them as they affect the quality of it. We have been working along very nicely under that agreement, and if there is anything looking forward to duplication here, I think the two departments involved can straighten it out.

The CHAIRMAN. It seems so to me, because, as I understand it, their estimate was made just as I have tried to indicate, on the theory that the small brick manufacturer can not afford to set up his special laboratory and make these studies, but the study made by one agency somewhere, the results of which might be available to all brick manufacturers, was going to very materially reduce the price of the product; and that the brick manufacturers associations and brick manufacturers that are not in the associations are demanding something of this kind, and from the letters I have received I take it they are very anxious that this work shall be done, and that the results will be the cheapening of their products, which of course would be a very desirable thing to bring about, and the amount involved here is negligible as compared with the benefit that the home builder will receive through this work.

Secretary HOOVER. I think there should be agreement between the two bureaus as to the precise limits of their fields. I was not aware

that the Bureau of Mines dealt with manufacturing processes—only with mineral production.

The CHAIRMAN. Mr. Secretary, it seems to me that matter ought to be taken up right away by the two departments, so that there may be no misunderstanding or overlapping. We certainly do not want to carry an appropriation to do work that seems necessary now, because it would seem to me, although I do not know how it has impressed the other members, that a case has been made here for some work to be done, and yet we do not want to make two appropriations to achieve one result.

Mr. BYRNS. As I recall, Mr. Bain very carefully said that his inquiry was to be directed to the raw materials.

Mr. STRATTON. And to be confined to that.

Mr. BUCHANAN. They are unquestionably duplicating or will duplicate their work as to the effects of the materials that enter into the manufactured products.

Mr. STRATTON. Perhaps; but the question is, who is doing the duplication?

Mr. BUCHANAN. I do not know. I want to support an appropriation to do this work, but I do not want to support two appropriations to two different parties to do the same work. If you want to know what I think, I think that the Bureau of Standards is the proper agency to have all of this scientific work.

#### TECHNICAL INVESTIGATIONS OF PROBLEMS IN INDUSTRIAL DEVELOPMENT FOLLOWING THE WAR.

The CHAIRMAN. "For technical investigations in cooperation with the industries upon fundamental problems involved in industrial development following the war, with a view to assisting in the permanent establishment of the new American industries developed during the war, including personal services in the District of Columbia and elsewhere, \$100,000, to continue available during the fiscal year 1922." I observe that in 1920 you had \$300,000, in 1921 you had \$50,000, and for the next fiscal year you have \$50,000?

Mr. STRATTON. Yes, sir.

That grew out of the assistance given to the industries that had sprung up during the war. There are two phases to this—one, the great necessity for helping industries of that kind, and the other, the going a step further and leading the way—setting the pace, as it were—for the elimination of unnecessary waste.

I have been making a tour of a number of industries recently, especially those which have been the outgrowth of the war, the matter of instrument making, etc., and I found that we must continue to give those people more assistance, if we are going to keep the industries here. They are struggling against very severe odds at the present time and, if they have to go into all of the scientific principles involved and all of the standardization, it makes a pretty severe proposition; there is the utmost need for more of the work which is done under the appropriation; the \$50,000 is not enough to carry it. I can give you many illustrations of that kind, if you care to hear them.

In the second phase of this which has come up immediately and is more responsible for the submission of this estimate than the other, is the elimination of waste. If we are going to compete, and, Mr.

Chairman, we are going to have very serious competition in the next two years, not only for foreign trade, but for our own—foreign articles are coming in right along at a much greater rate than we expected, from Japan, Germany, and even England, we will have to afford the industries every possible benefit which comes from the elimination of waste, because that reduces the cost of the product.

I have two or three good examples here. Here [indicating] is one that came up at the end of the war. They had on hand about 150,000 pounds of waste silk, and there was a question as to what could be done with it, a silk fiber that was of a very inferior quality. The question came up as to whether or not that could be woven into goods. We had been experimenting on textiles for the War Department and had built up quite an intimate relation with the textile industries. We used this silk with woolen yarn, and we have these goods (indicating), just a few yards of each one, to see the result. The silk cost the Government \$3 a pound and they sold it for \$6.50 when they were shown this process. There was a saving of approximately \$400,000. There are any number of illustrations of that kind where, if we lead the way and show what can be done—in fact, in nine out of ten when a waste is shown to exist a remedy will soon be found for it.

Another illustration is the dry cell, the ordinary electric dry cell used in very large quantities in automobiles and for other purposes. During the war they purchased very large quantities of them. At one time a whole shipload was sent to the other side. They proved to be worthless. At the request of the War Department we took up the investigation of those cells and have developed a standard of quality for them. The effect upon that industry has been of enormous value and has eliminated a lot of waste expenditure on the part of the public. Much money has been spent on useless cells. It is a small amount to every individual, but it amounts to a very large amount in the long run. Another good instance that has come up recently is that of the scaling of enamel. Enamel ironware is used throughout the country in very large quantities. Not more than two or three months ago the representatives of perhaps 50 or 75 of the manufacturers of enamel ware gathered at the bureau and laid the case before us. They said they had met a serious difficulty which they could not solve. They called it fish scale. When the ware is baked the enamel will flake off in little pieces like fish scales. We went at it. We think we have solved the difficulty. I am quite sure we have, because our experiments in having the enamel baked at the works have shown that we were on the right track. This waste in the production of enamel ware was in some cases something like 10 to 20 per cent of the total production. There are any number of such cases.

The industries through the country, most of them in small units, are quite willing, through their organizations, to join and work out together a problem that is of interest to all. That is a very interesting matter and is of great economic value in the improvement of our manufactured products.

## INVESTIGATION OF PARCHMENT PAPER.

The CHAIRMAN. What was the result of your investigation of parchment paper?

Mr. STRATTON. That was undertaken originally to settle a question as to what constitutes parchment paper, I think, because a large lot of such paper was required by Australia. The question as to the composition of parchment paper arose and was settled; a number of manufacturers asked and were shown how they could make it. During the war it was used very largely in making containers. The interesting sequel to that is that the man in charge of our cellulose chemistry, and that is the foundation of all of this, has just recently produced a thing which grew out of his knowledge of parchment paper—that was the first thing that started him—he has developed a substitute for goldbeater's skin used in balloon fabrics that is going to save the Government an endless lot of annoyance and much money. The same principle of making cloth impervious to gases; it will be of great use in other ways—in the waterproofing of fabrics, etc.

The CHAIRMAN. According to my recollection, prior to the department's standardization, we were not manufacturing any parchment paper to speak of?

Mr. STRATTON. Very little, if any, but during the war they had to take it up. We gave them assistance by not only telling them how to do it but greatly improving the process.

There is another interesting case, one of the most striking illustrations, of this prevention of waste, in connection with wax paper. I think perhaps I have spoken to you about this before. That is the paper from which they make cups and other things. They were throwing the scraps away because the scraps could not be utilized again as pulp. In the manufacture of most papers the scraps can be used again as pulp. That question was submitted to us. We gave them suggestions as to how to recover the paraffin and sent them back a block of paraffin and a roll of paper made from such waste in a few weeks. That was done during the war. In one particular case the saving amounted to, perhaps, \$10,000 or \$15,000 a year. The scrap had been thrown on the dump in the form of waste paper. There should be no question of giving assistance to these people when they go so far toward bearing the burden of the expense.

The following are a few of the specimens of waste elimination in industry, the successful determination of any of which would far more than warrant this expenditure:

Wastes in fuel used in motor vehicles due to a lack of development of the underlying principles of carburation, radiation, lubrication, and the various materials involved.

Deterioration in metal structures, machinery, underground piping, and materials, due to a lack of knowledge as to protective coatings; materials and methods of construction.

Wastes in scrap metals due to the presence of injurious materials. Spectroscopic methods show quickly the presence of these; chemistry is too slow and expensive.

Wastes in photographic materials because of lack of uniformity of gelatin, standards of developing, and purity of salts.

In all ceramic work and many other industrial processes not more than 25 per cent of the heat is utilized.

Reclaimed rubber can not be allowed in many articles, but uses for it can be developed, such as solid tires, tiling, insulations, and compounds.

There is an enormous waste of paper and the materials out of which wrapping paper, building boards, and packing boxes can be made. There are many materials that could be brought into use for paper making in substitution of wood pulp.

Wastes due to electrolysis in underground piping, wires, metal structures, vessels, boilers, etc. Great losses are due to such wastes now.

Recovery of waste lubricating oil. Much of the oil used is never recovered due to defective devices and the lack of measures for recovery.

The utilization of low-grade fuels which would save the more expensive for more important uses.

Wastes in the manufacture of cement due to plant inefficiency. A considerable portion of the cement made does not pass the standard test. This should be corrected.

Great wastes exist in the use of building materials due to a lack of knowledge as to their nature and lack of uniformity in qualities.

Uses can be found for low-grade cotton and cotton linters. Great waste of cotton results from faulty packing.

Many of the ceramic products require two firings. Suitable materials and furnace design would reduce this to one.

There is a loss of metal in the metal stamping processes due to a lack of knowledge of the properties of the metal for stamping.

Enamel ware. Large losses due to scaling, etc. This is a very serious loss.

The plaster molds used in terra-cotta work are lost. A method for their recovery can be found.

In the wool-scouring processes many of the chemicals used are not recovered and a method of doing it can be worked out. A substitute for vegetable oil is needed in lubricating the fiber.

Methods for the use of silk wastes can be developed in the manufacture of other articles.

Great wastes exist in all classes of apparel due to a lack of development of the wearing properties of such materials as textiles, rubber, leather, etc.

The CHAIRMAN. Will the work before you require a larger expenditure than \$50,000 for next year?

Mr. STRATTON. Of the present appropriation?

The CHAIRMAN. Yes, sir.

Mr. STRATTON. The \$50,000 for the next year will cover a few important cases. I do not know whether I have a list of them or not. There are half a dozen very important cases, but it should be carried on at a very much more rapid rate than that. This specific case of the utilization of waste, we have not been able to take up except to a very limited extent, with the \$50,000. That is the present and urgent need for an increased appropriation at this time.

The CHAIRMAN. Is there a demand from the industries themselves for scientific work on the part of the bureau?



Mr. STRATTON. Yes, sir; from some individuals and from the organizations of the industries.

The CHAIRMAN. A larger demand than you can meet?

Mr. STRATTON. Ten times the demand that we can meet. This appropriation could well be ten times what it is and be one of the most profitable investments you could possibly make, but realizing the situation, we have made the estimate what we thought would cover a few of the more important cases.

I should like to give you another case. One of the greatest sources of waste in certain industries is in electroplating. They had to throw the liquors away.. By a study of these processes we have been able to tell the people how to control the bath in a scientific way, which is of great value to these industries. A couple of years ago, just about two years ago, the Chief of the Bureau of Engraving and Printing came along and said that he was entirely unable to produce the plates for printing of bonds, etc., by the usual method. We put our electrolytic expert on the job, a small plant was set up at the bureau, and the process of duplicating these plates was worked out. A working plant was then installed at the Bureau of Printing and Engraving, and it is now in daily use. It saved the situation. They never could have reproduced the plates otherwise. Lately the American Bank Note Co. has asked for the same thing. It is going to entirely change the whole business. We have shown the American Bank Note Co. and others how to do it. That grew out of a little problem that came up from the Government Printing Office. The bath went wrong one day and that led us to the fact that this whole industry was on a somewhat rather unscientific basis and in the hands of people who had had the advantage of very little scientific data. That amount of the appropriation is far too small. There are a number of most important cases right before us that we ought to handle.

Secretary Hoover. I can give you one instance. If through an investigation we could turn the sulphur gases from the furnaces into sulphur we could probably make a saving of \$50,000,000 a year to the country. It is a problem that no particular industry could undertake the whole expense, of investigation. I do not propose to attempt it in this appropriation, but I cite this as an example where we are turning into the air for the destruction of vegetable plants, more sulphur than we mine. Generally, in face of competition we must meet from Europe, with the lowered standards of living, we will be compelled to lower our own living standard unless we can increase our national efficiency. This goes to the very root of the question of maintaining our foreign trade. We can not compete in the price of labor, we must compete with the excellence of our products and the elimination of our waste.

Mr. STRATTON. To go just a point further, let us say that we could save the waste heat after the sulphur. I know of two or three cases just recently where that heat has been used to dry a product, where before the product was dried by the burning of fuel. This particular concern took up the manufacture of some article that had to be dried in order to use all the waste heat to dry it. We have investigated the ordinary cooking utensils enough to know that the waste of heat there is terrific; the waste of gas and heat in ordinary cooking is something very large.

FOR COOPERATION WITH GOVERNMENT DEPARTMENTS, ENGINEERS,  
AND MANUFACTURERS IN THE ESTABLISHMENT OF STANDARDS,  
METHODS OF TESTING, INSPECTION OF INSTRUMENTS, ETC.

Secretary HOOVER. This goes into another field of standardization. You may, perhaps, remember the screw-thread commission which was established by Congress. The result of this work has been variously extended as a saving to the industry of from \$15,000,000 to \$50,000,000 per annum. We wish to extend these aids to efficiency through such service further than has been heretofore contemplated. There are a large number of articles where the great variations in dimensions—not styles—result in unnecessarily large stocks in distribution and unnecessary wastes. The industries have cooperated a great deal on elimination of such waste, but such elimination often requires cooperation in several industries and the assistance of necessary scientific experiments to determine the most advantageous results. One little observed advance in this direction was the settlement of a uniform method of attachment of light globes, resulting in an annual saving to the public of several millions. This is not a proposal to interfere with style or ingenuity, but a proposal to get together the industries on a voluntary basis and to carry out the necessary scientific tests for their application.

Practically all of the engineering and professional associations have committees to-day in their various associations devoted to these problems, and all the industries have given study to this question. Their difficulty is that they require a little national leadership and backing. When a method is agreed upon by the trade the Department of Commerce can give them as the Government standard of dimensions or specifications. The public would do any necessary enforcement, for their tendency is to follow any such obvious advance. It is not a question of compulsion, but a question of securing cooperation. We are asking for \$100,000, where the actual amount of expert labor and services that we can command from the industries run literally into hundreds of thousands.

The CHAIRMAN. What did you accomplish with the \$50,000 that we gave you for 1920?

Mr. STRATTON. The electroplating work was done from it and several other equally important cases, but only a part of the previous appropriation had to do with this kind of work, one of which is really along this line.

The CHAIRMAN. That is what I had reference to.

Mr. STRATTON. That was only \$15,000. We originally had a fund of \$50,000, which covered two phases of the work, and was followed by the deficiency under which we are now working. The wording of this, I think, is exactly the same as the deficiency.

The CHAIRMAN. Yes.

DEVELOPMENT OF SAFETY CODES.

Mr. STRATTON. There is another phase that I want to bring out, and it illustrates what the Secretary said about the voluntary work of these people. One of the most important things carried on with this fund, at least one of the important things carried on with the appro-

appropriation of \$50,000 that you spoke of, is that of safety codes. I know of no more important item than that at the present time. The safety codes throughout the country are just as necessary as the building codes. They are even more important from the standpoint of saving life. The bureau with its \$50,000 appropriation was instrumental in bringing the electrical people together and, among other things, they developed this electrical safety code. That is one of the results of the \$50,000.

The CHAIRMAN. Is that universally adopted?

Mr. STRATTON. Yes, sir. You could not have a better illustration of just what the Secretary has suggested. If these people have a hand in the making of these things you do not need any request regarding their adoption; they adopt them voluntarily. If we have done nothing else with the original appropriation than that development, that money would have been well spent. That is just one of a number of items developed under that fund.

With the present deficiency we are cooperating with the manufacturers in the bringing about of voluntary standards in the sizes and forms of some of the principal things, but the appropriation will not allow us to go very far. It terminates on the 1st of July. We have never been able to go into this question of the reduction of sizes—that phase of standardization, simplification, as they call it. In fact, we have never been able to go into that to any great extent, and yet it is a very important factor. The foreign governments are keenly alive to this. You will remember that at the deficiency hearing I read a letter from one of the foreign representatives stating how the British Government was forming these standards in all of its dependencies. Both French and German Governments are expending large sums on such work for its bearing on export trade as well as domestic economy. It has an important bearing upon the foreign trade and the question of the replacement of things.

I attended the meeting at Cleveland day before yesterday, the meeting of the Export Association, and it was brought out there that we must pay more attention to replacement and be ready to send things quickly according to a standard. That one thing alone would warrant our spending this appropriation in that one direction. The simplification of this thing, having a few sizes, well-known standards, that can be ordered by cable and so on, is significant in its importance to our own country, and the saving of a lot of expense in carrying the extra stocks, and especially the replacement of our own things.

Secretary HOOVER. Just as an example, the dye industry is in a very desperate condition in its foreign trade due to German competition. One reason they are failing is that every manufacturer is getting out his own standard of colors. What we need is to bring the manufacturers together, go to the Bureau of Standards, and agree on standards of colors, so that when a man orders a certain color that is what he gets; he does not get something this color more or less. One of our greatest needs in foreign trade is standardization both as to interchangeability and terms of specifications. The following are a few items where great values can be wrought:

The bureau should cooperate with manufacturers in standardizing tools, machinery, and equipment of all kinds with a view to economy in manufacturing and the replacement of parts.

A preliminary investigation of ordinary ventilators has shown that these devices should be greatly simplified and standardized for public use. The simpler and least expensive are probably the most efficient.

The standardization of builders' hardware would reduce its cost by the elimination of unnecessary forms and sizes, would facilitate repairs, reduce stocks to be carried, and assist very materially in the reduction of cost of building.

The bureau has been called upon to standardize small tools for the Government service; this should be extended to the public.

The work of the screw-thread commission should be extended to cover wire and sheet metal gauges. Several systems are in use at present.

Pipes, valves, and fittings should be further standardized, also the forms and sizes of bolts, nuts, and bolt heads. Many of these cases should be taken up with the screw-thread commission.

The standardizing and simplification of radio equipment is at present very desirable, due to the growing use of radio in all forms of broadcast news, such as weather and crop reports.

The simplification and standardization of many forms of electrical devices would lead to economy of production.

The standardization of automobile tires would eliminate a large number of unnecessary sizes, reduce the cost of production, amount of stock carried, etc. This is true also of other forms of rubber goods.

The standardization of the terms "nomenclature" and "definitions" in connection with textiles, paper, rubber, leather, paints, oils, varnishes, inks, glues, and a large number of such articles is absolutely essential to this specification and testing.

In the ordinary equipment of the household there are far too many sizes and types, such as buckets, tubs, and other household implements, also containers.

The articles and equipment in everyday use and which in time of war would be needed in large quantities should be standardized and these standards economized in manufacturing as far as possible. This would, of course, be done in cooperation with the military departments.

The CHAIRMAN. I read a statement some time ago—I have forgotten where—as to the main trouble with the American manufacturer, that he manufactures for the foreign trade what he thinks the foreign trade ought to have rather than to attempt to adapt his plants to the needs of the foreign trade, and for that reason England, France, and Germany are getting the foreign trade, because they are willing to manufacture the things they want rather than the things that the manufacturer thinks the trade ought to have.

Mr. STRATTON. That was brought out very clearly in Cleveland.

The CHAIRMAN. To what extent would you expend this money in this work of standardization and cooperation with industries, in different kinds of manufactured goods?

Mr. STRATTON. To a very large extent.

The CHAIRMAN. Hardware?

Mr. STRATTON. Yes, sir; the standardization dimensions, etc., of hardware would come under this fund.

The CHAIRMAN. The Secretary has spoken of tires?

Mr. STRATTON. Yes, sir.

The CHAIRMAN. Would you go into practically all the basic industries?

Mr. STRATTON. Yes.

Secretary HOOVER. The idea of setting up an industrial division in the Bureau of Foreign and Domestic Commerce under men expert in special branches not only applies to foreign trade but at the same time to this type of problem on the special industries.

The CHAIRMAN. You are equipped, as far as equipment is concerned, to do the work?

Secretary HOOVER. Yes, sir.

Mr. STRATTON. We salvaged from the war the building necessary and also the equipment, and for a comparatively small expenditure here we can turn out what would ordinarily cost four times the amount of money.

That is true, because none of it will have to go for buildings, and not much for apparatus.

Secretary HOOVER. Dr. Stratton has a list of the various national associations of an industrial character that are at present cooperating with the department in its various fields.

The CHAIRMAN. That may go in the record.

(The matter referred to is as follows:)

SOCIETIES AND ASSOCIATIONS WITH WHICH THE BUREAU OF STANDARDS IS ACTIVELY COOPERATING.

American Association of Clinical Thermometer Manufacturers.  
 American Bureau of Welding.  
 American Ceramic Society.  
 American Chemical Society.  
 American Committee on Electrolysis.  
 American Concrete Institute.  
 American Concrete Pipe Association.  
 American Cotton Research Association.  
 American Electric Railway Association.  
 American Electrochemical Society.  
 American Electroplaters' Society.  
 American Engineering Standards Committee.  
 American Federation of Labor.  
 American Forestry Association.  
 American Foundrymen's Association.  
 American Gas Association.  
 American Institute of Architects.  
 American Institute of Electrical Engineers.  
 American Institute of Graphic Arts.  
 American Institute of Mining and Metallurgical Engineers.  
 American Mining Congress.  
 American Oil Chemists' Society.  
 American Paper and Pulp Association.  
 American Physical Society.  
 American Petroleum Institute.  
 American Railway Association.  
 American Railway Engineering Association.  
 American Society of Civil Engineers.  
 American Society of Heating and Ventilating Engineers.  
 American Society of Lubrication Engineers.  
 American Society of Mechanical Engineers.  
 American Society of Refrigerating Engineers.  
 American Society of Safety Engineers.  
 American Society for Steel Treating.  
 American Society for Testing Materials.  
 American Water Works Association.  
 Associated Factory Mutual Fire Insurance Co.'s.  
 Associated Manufacturers of Electrical Supplies.  
 Associated Metal Lath Manufacturers.

Associated Tile Manufacturers.  
 Association of American Steel Manufacturers.  
 Association of Edison Illuminating Companies.  
 Association of Governmental Labor Officials.  
 Association of Manufacturers of Chilled Car Wheels.  
 Association of Manufacturers of Solder and Bearing Metals.  
 Association of Official Agricultural Chemists.  
 Association of Scientific Apparatus Makers of the United States.  
 Common Brick Manufacturers' Association.  
 Committee of manufacturers on standardization of fittings and valves.  
 Electrical Manufacturers' Club.  
 Electrical Safety Conference.  
 Face Brick Manufacturers' Association.  
 Gypsum Industries' Association.  
 Hollow Building Tile Association.  
 Illinois Manufacturers' Association.  
 Illuminating Engineering Society.  
 Independent Oil Men's Association.  
 Indiana Limestone Quarrymen's Association.  
 International Association of Electrotypers.  
 International Association of Industrial Accident Boards and Commissions.  
 International Association of Municipal Electricians.  
 International Union of Timber Workers.  
 International Brotherhood of Electrical Workers.  
 Interstate Cotton Seed Crushers' Association.  
 Iron and Steel Institute.  
 Leather Belting Exchange.  
 Loyal Legion of Loggers and Lumbermen.  
 Manufacturing Chemists' Association of America.  
 National Association of Brass Manufacturers.  
 National Association of Cotton Dyers and Cleaners.  
 National Association of Cotton Manufacturers.  
 National Association of Electrical Contractors and Dealers.  
 National Association of Electrical Inspectors.  
 National Association of Industrial Boards and Commissions.  
 National Association of Mutual Casualty Companies.  
 National Association of Sand and Gravel Producers.  
 National Association of Wool Manufacturers.  
 National Automobile Chamber of Commerce.  
 National Board of Fire Underwriters.  
 National Boot and Shoe Manufacturers' Association.  
 National Composition Flooring Association.  
 National Council of Workmen's Compensation Insurance.  
 National Electric Light Association.  
 National Fire Protection Association.  
 National Industrial Conference Board.  
 National Lumber Manufacturers' Association.  
 National Lime Association.  
 National Petroleum Association.  
 National Research Council.  
 National Safety Code Committee.  
 National Safety Council.  
 National Scale Men's Association.  
 National Shag Association.  
 National Terra Cotta Society.  
 National Workmen's Compensation Service.  
 Natural Gas Association.  
 National Federation of Construction Industries.  
 Operative Plasterers' and Cement Finishers' International Association.  
 Optical Manufacturers' Association.  
 Optical Society of America.  
 Pacific Logging Congress.  
 Paving Brick Manufacturers' Association.  
 Portland Cement Association.  
 Railway Signal Association.  
 Refractories Manufacturers' Association.  
 Rubber Association of America.

Safety Appliance Manufacturers' and Dealers' Association.  
 Sand Lime Brick Association.  
 Society of American Foresters.  
 Society of Automotive Engineers.  
 Society of Naval Architects and Marine Engineers.  
 Southern Pine Association.  
 Steel Founders' Association of America.  
 Tanners' Council.  
 Technical Association of the Pulp and Paper Industry.  
 United States Independent Telephone Association.  
 Underwriters' Laboratories.  
 Western Association of Electrical Inspectors.  
 The Wood, Wire, and Metal Lathers' International Union.  
 World Cotton Conference (American committee).

COMMITTEES APPOINTED TO COOPERATE AND ADVISE WITH THE BUREAU OF STANDARDS  
 ON RESEARCH, STANDARDS, ETC.

American Association of Clinical Thermometer Manufacturers: Committee on legislation.

American Society of Refrigerating Engineers: Advisory committee on research; committee on insulation.

Committee advisory to Bureau of Standards on nonferrous alloys.

Committee advisory to Bureau of Standards on steel (being formed).

Committee on mortars and plasters: (Representatives of the Portland Cement Association; Common Brick Manufacturers Association; Hollow Building Tile Association; Associated Tile Manufacturers; Gypsum Industries Association; Associated Metal Lath Manufacturers; National Lime Association; National Association of Sand and Gravel Producers; Operative Plasterers' and Cement Finishers' International Association; and the Wood, Wire, and Metal Lathers' International Union.)

Hollow Building Tile Association: Technical research committee.

Joint Research Committee: (Representatives of Paving Brick Manufacturers' Association, Face Brick Manufacturers' Association; Common Brick Manufacturers' Association, and the Hollow Building Tile Association.)

Manufacturers of Steel Car Wheels.

National Composition Flooring Association.

National Terra Cotta Society: Technical research committee; specifications committee.

Bureau of Standards plastering conference.

Departmental conference on United States Government specifications for Portland cement.

Interdepartmental conference on chemical lime.

Main interdepartmental standardization committee.

Secretary HOOVER. There is one more word I should like to add. I feel the difficulty in coming for additional funds for expenditure in these times, but in certain bureaus of the department I think that we shall be able to effect savings over the 1922 appropriations that will far exceed these estimates. In one bureau in particular I hope to be able to cut the expenditures certainly more than this total sum we are asking here. Of course, the problem in handling a department is to always get the emphasis upon the matter of the most emergent necessity, and to set aside those things that are of less importance. My approach to the whole problem was to take care of those things that were critically necessary in our foreign commerce and in the development of our own industries, and to make savings in matters that were much less essential. The result is that in the Department of Commerce at the end of 1922, unless there are loaded upon us other duties that we do not now contemplate, will show a less cost to the Government than the total appropriation for 1922. I am satisfied that we can accomplish that. Where we will be able to make this saving is in the Census Bureau and the addition of fees for other services.

SATURDAY, MAY 7, 1921.

## DEPARTMENT OF LABOR.

## STATEMENT OF MR. HUGH L. KERWIN, DIRECTOR OF CONCILIATION.

## ADDITIONAL COMMISSIONERS OF CONCILIATION.

The CHAIRMAN. For commissioners of conciliation you are asking a deficiency for this fiscal year of \$30,000.

Mr. KERWIN. Yes, sir. Mr. Chairman, that request or estimate is based upon the unusual demands that we have at this time on the service, and the increasing demand from both employers and employees for the services of commissioners of conciliation. We have been compelled since last January to furlough nearly half of the commissioners usually carried on the roll. We find now that we have wide stretches of country in which we have now representative. For instance, we have not a man between Chicago and Albia, Iowa, and we have not a man south of the Mason and Dixon Line. We are in a position where we are unable to meet the calls for mediatorial assistance promptly and efficiently.

The CHAIRMAN. How many commissioners have you now?

Mr. KERWIN. Nineteen or twenty.

The CHAIRMAN. How many do you want for the rest of the year?

Mr. KERWIN. We ought to be in a position to immediately put on five or six additional commissioners.

The CHAIRMAN. You have enough to pay the salaries of the 19 that you have now?

Mr. KERWIN. No, sir.

The CHAIRMAN. What is the state of your balance?

Mr. KERWIN. I think we have about \$13,000 unexpended. Out of that we shall have to retain about \$3,000 to meet unpaid telegraph, subsistence, and transportation bills that come in after the close of the fiscal year.

The CHAIRMAN. You can not spend \$30,000 during the rest of this fiscal year, because this money will not be available before the 1st of June. You can not possibly spend \$30,000 in one month. If you spent that much money between now and the 1st of June, when this money would be available, you would be spending on the basis of \$360,000 per year.

Mr. KERWIN. Of course, at this moment you realize that the building-trades agreements and many other trade agreements in various cities are terminating, and there will be more or less disputes and strikes. There is always more or less controversy attendant upon the termination of agreements and in the making of new agreements.

The CHAIRMAN. To be frank, had we not better let some of these people strike so that a man can get a home for a decent price? I do not care whether they are men working in the trades or in mills, but we have gotten to the point where if we are going to get into a situation in this country where an ordinary man can have a house to live in and clothes to wear, prices must come down. When you look at the price of an article, you must realize that almost all of it is represented by the labor cost in producing it. Ore is not worth anything



in the ground, but when it is worked into the form of the finished product there is represented in it a great deal of skilled labor. All of us want to see men receive a fair wage, but the wages we have now are war-time wages, and it seems to me that the various trades have got to realize that they must get down to a business basis. By that I do not mean back to the old prewar times, because I think that is not just or right, but would it not be just as well, instead of conciliating so much now, to give some of the men to understand that if the expectations and the hopes of 90 per cent of the people are to be realized there must be some reduction in wages? Have we not been temporizing with it and playing with it rather than meeting it in a real, forceful, and red-blooded way?

Mr. KERWIN. We believe that through conciliation a settlement of these disputes can be reached, and that it is much better for all concerned. Of course, when a building is partially completed in a city or town and its completion is held up there is a desire upon the part of the citizens and upon the part of the prospective occupants of the quarters that are to be furnished in the building and on the part of the builders to have it completed, and it also makes for a bad industrial condition in a city to have any kind of a strike. It interferes with the regular and even flow of the business and civic life of the community, as it indirectly affects all in the locality. A few years back increases in wages contributed to much of the difficulties between the worker and his employer, while now it is reversed and becomes a question of decreasing wages. Of course, we are not a rate-fixing or wage-fixing body, but we do try to bring about a meeting of minds so that the parties at interest can settle their trouble. We have been very successful, and readjustments have taken place quietly that you have heard nothing about. There has not been nearly as much friction as we feared in readjusting these disputes.

#### ACTIVITIES.

The CHAIRMAN. What labor disputes are you at work upon now?

Mr. KERWIN. Secretary Davis and two of his representatives have been employed practically night and day for a week on the marine strike. We have a little breathing spell now until 10 o'clock Monday morning, and we have been hopeful that we could bring about an adjustment. That strike involves the whole merchant marine of the country. In addition to this we have the printers' matters, but they are in process of adjustment. We have also got the sulphite and paper workers, but, fortunately, their agreements do not expire all at once. Some of them expired May 1. Others terminate on May 11, so that will give us a chance to transfer commissioners of the department from one situation to another.

In addition to that we have numerous machine shop or machinists' strikes and some lockouts, together with two score of cases involving various crafts. Our men are all busy and doing their best to harmonize differences that keep employer and employee apart. Somebody must bring them together. The employers and employees lock horns, and then a conciliator comes in and induces them to resume negotiations. As you know, Mr. Chairman, all that we have is conciliatory power. We go in on a case and show them how a similar matter was adjusted at some other place, or how a similar situation

was handled in an adjacent State and settled satisfactorily. We finally get them in to a meeting again, and when negotiations are tending toward settlement then we can leave for another situation, and, perhaps, the next day we are notified of a settlement.

The CHAIRMAN. I should think that most of your conciliation now would be to convince the striker that he has got to agree to a substantial reduction in his wages. To continue the 19 commissioners of conciliation how much money would you need in addition to what you have now?

Mr. KERWIN. Between seventeen and eighteen thousand dollars.

The CHAIRMAN. Just to continue them?

Mr. KERWIN. Yes, sir.

The CHAIRMAN. Are you going to increase their pay?

Mr. KERWIN. No, sir. In approximating that amount we would leave \$3,000 for unpaid bills that are presented after the end of the fiscal year, we have got to stop soon unless we can get some deficiency, or on June 1 we will have to lay off all of the commissioners except perhaps two or three. Another matter in addition to this, we avoided the strike in the packing houses of Chicago, which would have thrown 60,000 men out of work. Judge Alschuler was the arbitrator there, and has been again drafted. Last year a stenographic bill of \$5,500, resulted from these hearings. He is about to begin holding hearings again, and we will have those bills to pay also. I can not estimate how much they will amount to for this fiscal year.

The CHAIRMAN. I do not see how you will need that much money. According to your balance you have been spending about \$10,000 per month.

Mr. KERWIN. In February we expended \$11,112.87, and in March we expended \$11,143.21. There are some vouchers and bills for the month of March that have not come in. There are some telegraph bills that have not come in and some transportation bills. In January we expended \$7,000. We furloughed all of the men we could possibly let go in January and February until we got down to rock bottom, and we had to restore some of the commissioners because we had to meet the demands on the service. Of course, we want to do the right thing and do not want to expend a cent more than we have to, but we would like to be in a position to take care of the calls made upon us, and we ought to be able to have at least 25 commissioners of conciliation available.

The CHAIRMAN. Do you send only one man to a place?

Mr. KERWIN. Yes, sir; unless it is a big strike or threatened strike, and then we sometimes send a man who was formerly connected with the employers in that industry and one who was formerly connected with the employees in the industry affected.

The CHAIRMAN. Are your commissioners of conciliation men who have been connected with the industries in other capacities than as employees?

Mr. KERWIN. Yes, sir. Our force is about equally divided. One of our commissioners was formerly the president of the Kentucky Coal Operators' Association, and one was a manufacturer. Other men include former coal operators and business men. Some of these give their services, we pay only their expenses. Then we have some professional men. We have men who were formerly connected with labor. In the beginning of the conciliation work we sent two

men to any case involving difficult problems and large numbers of workers, but during the war our calls were so numerous that we could not do that. It entailed too much expense.

#### EXPENSES BY MONTHS AND UNEXPENDED BALANCE.

The CHAIRMAN. I wish you would put in the record a statement of your expenses by months for this fiscal year, and a statement of your unexpended balance.

Mr. KERWIN. I will do so.

#### CONCILIATION FUNDS.

Expenditures during current fiscal year to date, by months:

July.....	\$15,455.59	January <sup>1</sup> .....	\$6,411.17
August.....	16,127.87	February <sup>2</sup> .....	11,112.87
September.....	16,119.94	March.....	11,189.71
October.....	15,689.23	April <sup>3</sup> .....	9,637.28
November.....	11,662.71		
December.....	10,137.72	Total to May 9.....	123,543.09

Balance on hand May 9, 1921—\$16,456.91, from which will be deducted about \$2,000 for balance of April, leaving \$14,456.91 on hand May 1.

For May the nearest approximation will call for—

Salaries.....	\$8,600.00
Per diem, transportation, miscellaneous.....	2,500.00
	11,100.00
For June, same as for May.....	11,100.00
Telegraph bills to close of fiscal year.....	2,000.00
For Alschuler awards (this amount is difficult to even estimate, as it depends on number of hearings that must be held, and of course no one can predict this since the number of hearings necessary depends on whether more or less controversies arise).....	2,000.00
	26,200.00

To be held over at close of fiscal year for bills outstanding after July 1—such as telegraph, telephone, suspended accounts, and miscellaneous items..... 3,000.00

Needed to run service to end of fiscal year..... 29,200.00  
On hand May 1..... 14,456.91

Short for fiscal year..... 14,743.09

The work of conciliation is such that it is only possible to make approximations as to amounts needed for each month, because some months the calls for services exceed perhaps double others—hence wide difference in requirements. We may estimate entirely too high for one month and perhaps the next month the same amount would not near meet the requirements.

#### DEMAND FOR CONCILIATORS.

The CHAIRMAN. Have there been many demands on you during the last three or four months?

Mr. KERWIN. Yes, sir; and I would like to state here that in our records we simply show when an industry is affected, generally but one situation, instead of showing a number of situations. The men who gather statistics for independent concerns often report a number

<sup>1</sup> Force reduced to minimum during this month.

<sup>2</sup> Force reduced to minimum this month also; the increase over January, however, due to large number of bills for printing Alschuler awards which had been held up pending receipt of funds under deficiency bill.

<sup>3</sup> Figures for this month incomplete—accounts for April just coming in.

of strikes or situations where we would report one. While they might report 10 strikes in an industry in one city we would report one, because we would handle it as one situation. In other words, we try to handle it in a general way. That is the reason you will often discover a discrepancy in the Government record and the reports of strikes printed in the newspapers. For instance, we might have 100 strikes in the garment industry in New York city, but we would report that as "The garment strike in New York." The statistician might carry it as 100 garment strikes in New York City.

The CHAIRMAN. Have you found any persons willing to act locally as conciliators without pay?

Mr. KERWIN. Many times; yes, sir.

The CHAIRMAN. The Secretary sometimes employs men locally for that purpose?

Mr. KERWIN. Yes, sir. We have some men who were formerly associated with big business enterprises and who are now retired, and when we request them to act they go where we request; we pay only their expenses. We have had occasionally others who paid their own expenses.

In California the oil operators and the workers combined to pay our office expenses there, and they are paying nearly \$400 per month for that purpose.

We have endeavored to carry on the service as economically as possible, but we are very anxious to be in position where we can be ready at all times to assist in speedily adjusting industrial disputes by promptly sending in a commissioner of conciliation. This we feel to be our duty.

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SATURDAY, MAY 7, 1921. .

EMPLOYMENT SERVICE.

STATEMENT OF MR. WADE H. SKINNER, ACTING DIRECTOR,  
AND MR. W. WOELPPER.

REAPPROPRIATION TO COVER TRANSPORTATION INCURRED DURING  
FISCAL YEAR 1919.

The CHAIRMAN. You are asking that the sum of \$125,207.97 of the appropriation "Advanced transportation, United States Employment Service, 1918 and 1919," be reappropriated and made available, to enable the Secretary of Labor to complete the payment of obligations covering transportation incurred during the fiscal year 1919 by the War Emergency Employment Service.

Mr. SKINNER. Yes, sir.

The CHAIRMAN. Do you mean to say that you have outstanding obligations for transportation for the War Emergency Employment Service for the year 1919 that are unpaid to that extent?

Mr. SKINNER. Yes; they have been audited and found to be valid obligations. I have a list of the railroads and the amount that we owe each railroad. The bills are in the office waiting to be paid.

The CHAIRMAN. Have they just come in recently?

Mr. SKINNER. The final accounts were just received recently. We made an effort to get them together last spring and submit an estimate to Congress covering the total amount, but they were delayed at the White House and we did not get them down here before Congress adjourned.

The CHAIRMAN. This transportation service was rendered by the Railroad Administration, was it not?

Mr. SKINNER. In some part.

The CHAIRMAN. The railroads were operated by the President under an agent appointed by him, and all the receipts would go to the Railroad Administration. For these railroad bills, the money would go to the Railroad Administration.

Mr. SKINNER. Every dollar is for railroad bills. They used Government transportation requests, and the department has been paying the railroads direct. I do not believe this is a case where they would come under the provision that you have in mind.

The CHAIRMAN. The railroads had no right to any receipts at all during the 26 months that the railroads were under Federal control. The only receipts that the railroad companies received during that time for the use of their roads were the rentals provided for and paid by the Director General of Railroads, and for which we made appropriations, to the extent that the revenues were not sufficient to pay the rental and operating expenses. The director general had the total revenues.

Mr. SKINNER. We paid them thousands of dollars, and I think the other Government departments did so. I am sure that the railroads collected directly from the various departments the liabilities due them.

The CHAIRMAN. I suppose the railroads are only acting as agents in collecting this money for the Railroad Administration.

Mr. SKINNER. They collected it, but I do not know whether they turned it over to the Railroad Administration or not.

The CHAIRMAN. I understand that they have always collected the fares and charges, but, of course, the money went into the hands of the Railroad Administration. I presume that they would turn this money over to the Railroad Administration, because that is where it belongs.

What is your unexpended balance under that appropriation?

Mr. SKINNER. It is nothing, except when we get a refund probably \$75 or \$80.

The CHAIRMAN. How much unexpended balance have you under the appropriation where you are asking \$125,207.97, or where you are asking that that amount be made available?

Mr. SKINNER. That appropriation is intact.

The CHAIRMAN. How much does it amount to?

Mr. SKINNER. \$250,000.

The CHAIRMAN. It has not been used at all?

Mr. SKINNER. No, sir.

The CHAIRMAN. Out of that did the Employment Service pay the expenses of employees that were being transported from one plant to another during the war?

Mr. SKINNER. We were supposed to do that during the war, but we did not actually use that money.

The CHAIRMAN. Then, what are these bills for? Are they for your employees or for laborers for whom you had found employment?

Mr. SKINNER. It was for our own employees.

The CHAIRMAN. For your own employees entirely?

Mr. SKINNER. Yes, sir.

Mr. BYRNS. Is this a complete statement of it?

Mr. SKINNER. So far as we know. Last week a bill came in for \$300 that we knew nothing about. If anything comes in after this deficiency, we must come and report it. They were from six months to a year getting the bills in. There has been a final adjusting of accounts with the other departments of the Government, and this is a part of the after-the-war clean-up.

TO FOSTER, PROMOTE, AND DEVELOP THE WELFARE OF WAGE EARNERS  
OF THE UNITED STATES.

The CHAIRMAN. You have another item on page 105, in which you ask \$11,500.92 for the Employment Service for this fiscal year. You have an appropriation of \$225,000 for this purpose. What is the state of your balance at the present time?

Mr. SKINNER. On April 1 we had a balance of \$60,149.04.

The CHAIRMAN. With all bills paid?

Mr. SKINNER. That took care of all obligations. I do not mean that that is necessarily the amount spent, but covers the obligations incurred and the money we have disbursed.

The CHAIRMAN. Then you would have just about enough to carry you through, because you are on a basis of between \$21,000 and \$22,000 a month.

Mr. SKINNER. We figured on the basis of what we spent in March and on that basis, with the commitments already made, it was \$22,202.30. When we started last July we did not spend as much as we spent in December, January, and February, because the work proceeded more slowly.

The CHAIRMAN. I wish you would put in the record a table showing the monthly expenditures.

Mr. SKINNER. I have such a table here.

(Said table follows.)

*Statement of appropriation and expenses, fiscal year 1921.*

Month.	Adminis- tration.	Independ- ent em- ployment survey.	Field representa- tives.	Field (States).	Junior division.	Total.
July.....	\$5,279.21		\$3,432.43	\$6,292.23	\$119.83	\$15,123.70
August.....	5,427.38		3,845.01	6,472.81	267.00	16,012.20
September.....	6,062.57		2,723.54	6,855.95	454.99	16,087.05
October.....	6,432.26		1,266.55	6,663.87	1,191.62	15,574.30
November.....	7,066.45	\$148.50	1,170.20	6,620.52	1,213.05	16,218.72
December.....	6,459.75	4,713.87	698.96	7,034.64	1,418.02	20,325.24
January.....	6,181.52	4,851.59	670.71	6,861.92	2,130.04	20,695.78
February.....	7,716.35	4,919.76	616.00	6,898.47	2,461.09	22,611.67
March.....	6,212.09	5,799.78	766.90	6,896.09	2,527.44	22,202.30
Total.....	56,847.58	20,433.50	15,190.30	60,596.50	11,783.08	164,850.96

Appropriation, July 1, 1920.....	\$225,000.00
Expenses from July 1, 1920, to April, 1921.....	164,850.96
Balance.....	60,149.04

The CHAIRMAN. You are anticipating greater expenditures for the month of June than for any other month of the year?

Mr. SKINNER. No; not any more than March, but just enough to carry the organization we have now for the months of May and June.

The CHAIRMAN. If you keep up that organization you will not have enough money for next year.

Mr. SKINNER. Next year we will have to change our plans; we can not continue what we are now doing; we can not conduct the same activities on the same scope during another year.

The CHAIRMAN. You commenced last July with a monthly expenditure of \$15,123.70; it ran to \$20,695.78 in January; \$22,611.67 in February; and \$22,202.30 in March. How about April, May, and June?

Mr. SKINNER. We do not anticipate that the expenses will be any greater.

The CHAIRMAN. Than they were in March?

Mr. SKINNER. Than they were in March. You see, we conducted an employment survey, which you may know about, in December, and that has been going until the present time, but we do not anticipate that its development will cost any more money.

#### SURVEY OF EMPLOYMENT CONDITIONS.

The CHAIRMAN. To what survey do you refer?

Mr. SKINNER. A monthly survey of employment conditions, and we have issued three bulletins. This is one of them (indicating). We took that survey in January and it shows the reduction in wage earners between January, 1920, and January, 1921. That is what we called the unemployment survey. Then in February we proceeded to take a monthly survey, which would give the trend or picture of the employment conditions; we have one for February, one for March, and the April bulletin is now in press. Mr. Woelpper has been in charge of the details and I would ask you to allow him to say a word.

The CHAIRMAN. We will be glad to hear him.

Mr. WOELPPER. There was so much of a demand to know the conditions of employment that in December, 1920 we projected an organization into the field consisting of nine districts, so that we could find out just about what the reduction in employment had been during the year 1920. Our first bulletin pictures that condition, the one with the bar charts. After that we concluded that we should conduct a monthly survey, taking the number on the pay rolls of the largest concerns in the United States and comparing them month by month, which we are doing at present. That accounts for the increase in our expense—the expense of our present organization. The monthly bulletin indicates the trend of employment in industry as given by 1,424 of the largest firms in the country.

The CHAIRMAN. I notice that in your percentage scale you have 100 per cent as the base.

Mr. WOELPPER. Yes; we used January, 1920, as the base, considering that as the peak of employment; that anyone who wanted a job could get a job at that time.

The CHAIRMAN. Take the bulletin for January, 1921. In it you have a graphic showing, 30.8 per cent. What does that mean?

Mr. WOELPPER. That shows that 30.8 per cent were employed in January, 1921, as against January, 1920; in other words, there had been a reduction in employment of approximately 70 per cent in the automobile industry.

Mr. BUCHANAN. In the number employed?

Mr. WOELPPER. Yes, sir.

Mr. BUCHANAN. And not a reduction in wages?

Mr. WOELPPER. No; it has nothing to do with wages, but just as to the number employed. It shows that the automobile industry was the hardest hit, and next to that the building trades, which only showed 47 per cent employed in 1921 as against 1920.

The CHAIRMAN. Are you keeping that up to date?

#### COOPERATION OF VOLUNTEER AGENTS.

Mr. WOELPPER. Yes, sir; we are keeping that up every month, but under a different plan. We get the trend now from 1,424 of the largest industries, through nine district directors who are in charge of our field organization and who have selected 65 voluntary special agents in the 65 largest industrial centers of the United States.

The CHAIRMAN. They are cooperating with you?

Mr. WOELPPER. Yes; they are cooperating with us. These men are bank presidents, members of chambers of commerce, and some chambers of commerce themselves are acting for us. They collect this information every month and send it to us on the last day.

Mr. BUCHANAN. Do they collect it without charge?

Mr. WOELPPER. Yes; without any charge whatever. In addition to that our agents collect some 20 pages of comment in each district in the United States, on employment conditions as affecting employment tendencies and possibilities. That is kept up monthly, and is published about the 3d or 4th of each month, showing conditions as to the employment on the last of the preceding month. It performs quite a wonderful service to business we think, as it will actually show the trend in employment conditions and thus afford a business barometer. The firms reporting are firms that usually employ 500 or more.

The CHAIRMAN. Then you are not using the same graphic?

Mr. WOELPPER. No; the first one showed the approximate reduction in employment. We had to know how many were unemployed. Now, at periodical times we expect to take a survey of that kind, as it seems desirable, but in the meantime, month by month, we publish a bulletin indicating trends. For instance, our last bulletin showed that since the 31st of January, in these 1,424 concerns, there had been a total reduction of 2.9 per cent; in the month of February it was 1 per cent, in the month of March it was 1½ per cent, and in the month of April it was four-tenths of 1 per cent.

The CHAIRMAN. This table on the first page of your bulletin for April, then, does not give any information?

Mr. WOELPPER. Yes; the line shows that employment has been steadily reduced; each month shows that employment has been decreasing; and then if you will turn to the second page of that you will find a table which shows the condition in each city and in each industry.



The CHAIRMAN. That only shows the conditions as to the firms reporting.

Mr. WOELPPER. Yes, sir.

The CHAIRMAN. It does not show anything with regard to unemployment.

Mr. SKINNER. These figures represent the number of workers in 1,424 concerns, which is over 1,600,000. One thousand four hundred and twenty-four firms are reporting, and these figures represent the number of workers. That line will go up and down as the number increases and decreases.

The CHAIRMAN. In February 1,650,000 men were employed by the 1,424 firms reporting.

Mr. SKINNER. That is right.

The CHAIRMAN. That number decreased to 1,600,000 during the month of February.

Mr. SKINNER. That is right.

The CHAIRMAN. Then, during the month of March, with the same number of firms reporting, there was a decrease from 1,600,000 to 1,550,000, or approximately that number.

Mr. SKINNER. That is right; yes, sir.

Mr. WOELPPER. Its purpose is to indicate the trend in industry. We already have a mailing list of about 20,000, although the bulletin is but three months old, the mailing list being made up of the largest firms in the country.

The CHAIRMAN. It is valuable information from the standpoint of statistics, but is it valuable in the way of finding employment or in preventing unemployment?

Mr. SKINNER. We think so.

Mr. WOELPPER. For instance, the Coordinating Committee on Employment Activities of New York is using our bulletins to make a study of unemployment. To my knowledge there has never been anything nation wide like this attempted by which they would have some basis for studying this subject. It undoubtedly does reflect in what industries they are taking on employees and in what industries they are laying them off. For instance, in all our bulletins we have shown each month a very large increase in the automobile industry, while this month shows a decrease in the iron and steel industry. It shows the localities and industries where increases and decreases are taking place, and it does give information to those who need a job as to where they may go and find the most probable use for their services. It furnishes a lead to employer and employee.

#### ALLOTMENTS TO STATES AND MUNICIPALITIES FOR OPERATION OF EMPLOYMENT OFFICES.

The CHAIRMAN. Are you doing anything more than serve as a clearing house for collecting and disseminating this information, or are you actually conducting employment agencies?

Mr. SKINNER. Not from a Federal standpoint, but we are cooperating with the States and municipalities. We make an allotment of seven thousand and some odd dollars to the various States and municipalities that have money with which to run employment offices, and we have projected that on a yearly basis. We had in mind a survey to determine the unemployment question last July

and we saved as much money as we could for that purpose, but when we started the survey we knew we would not have enough money to continue it, but we felt that if we could develop something along this line, and show its utility, Congress would grant us a few thousand dollars, but if not we would have to stop.

The CHAIRMAN. How much are you allotting to the various States and municipalities in cooperating with them in the actual conduct of employment agencies?

Mr. SKINNER. Almost \$8,000 a month.

The CHAIRMAN. You are not increasing that allowance?

Mr. SKINNER. No; although occasionally we allot \$50 or \$60 where we know that amount will help in opening another office.

The CHAIRMAN. Do the States generally cooperate?

Mr. SKINNER. All of them but one that have an employment system.

The CHAIRMAN. What State is that?

Mr. SKINNER. Pennsylvania; every other State is cooperating with us. Over \$1,100,000 is being appropriated by the States and municipalities for this work, so that you can see what a small contribution our \$8,000 is.

The CHAIRMAN. You are appropriating about one-tenth of the whole fund being spent by States and municipalities in conducting employment agencies?

Mr. SKINNER. Yes, sir. They have the franking privilege and they have the use of our office equipment, as we had lots of it when we abandoned the war offices, and we furnished them with supplies. If these surveys were to stop now it would mean that we could not start it for some time to come. It would break the continuity of the line, the organization would fall down, and it would require considerable effort to get the men back on the job who have volunteered to furnish us with this information. There are 114 concerns in New York sending us each month the number on their pay rolls, and it requires a great deal of clerical work to undertake that. Cleveland has something like 98 and Detroit 104. To stop it at this time would mean that you could not take it up again without considerable expense.

#### COST OF MONTHLY REPORT.

Mr. BUCHANAN. As I understand, you issue this monthly report?

Mr. WOELPPER. Yes, sir.

Mr. BUCHANAN. About how much does the cost of that monthly report average?

Mr. WOELPPER. It depends on the amount of travel taken, but it is approximately \$6,000.

Mr. BUCHANAN. About \$6,000 a report?

Mr. WOELPPER. Yes; that includes the printing of an edition of about 20,000.

Mr. BUCHANAN. Did you ever take into consideration the saving that might result if you published half as many or whether it would serve the same purpose if you issued these reports every second month or every third month?

Mr. WOELPPER. Owing to the present condition of employment we felt that it would probably be best to publish a bulletin of that kind once a month, and the fact that we have received so many

applications for the Bulletin seems to indicate its usefulness. Its value as a business barometer would be lost if intervals of more than one month elapsed.

Mr. BUCHANAN. Labor conditions do not change very rapidly in a month.

Mr. SKINNER. Not in normal times, but conditions are abnormal. Quite a few people thought we should publish the information every two weeks.

Mr. BUCHANAN. I do not think labor conditions change so much in a month under abnormal conditions, and while it might enable you to determine more accurately the trend of conditions, still it is costing a good deal of money, and I am just suggesting that it might be well to take into consideration whether it would not answer as well to issue the report every other month and whether that would not serve the same purpose as well.

Mr. SKINNER. We have had that under consideration, because we thought that in normal times the line would not show any curve at all.

Mr. BUCHANAN. Possibly every quarter would be sufficient.

Mr. SKINNER. To do that you would have to set up a very large paid organization. These men have contributed their services because of the utility of it in their own work and along their own lines.

Mr. BUCHANAN. But, as I say, I do not think labor conditions change very much in a month.

Mr. SKINNER. But from the demands we have had it appears that it should be published once a month.

Mr. BUCHANAN. If you published it every other month there would be a saving of \$6,000 in the month it was not published.

Mr. WOELPPER. No; we would only save the cost of printing, \$800, because we would have to keep the organization intact.

Mr. BUCHANAN. Is there nothing else your organization could do?

Mr. WOELPPER. It requires our district directors to constantly keep in touch with conditions in order to provide this information each month. It requires travel and constant contact, either personal or by letter, with our voluntary special agent and other organizations. Their full time is utilized.

Mr. SKINNER. You could perhaps put these officers in placement offices and let them try to find jobs for men, but that would hardly answer because they are pretty high-class men. We selected these men after advertising for experts and we think we got the best organization men in the country. I feel that there is no bureau in the Government that has as many high-class men for the salary we pay them.

Mr. BUCHANAN. I am not criticizing the bureau but am just suggesting that you might save some money if you did not issue these reports so often, because labor conditions do not change very much in a month.

Mr. SKINNER. We have in mind charging for the bulletin as soon as we are certain it is of sufficient importance to have those who get it pay for it. Requests are coming in now at the rate of 100 a day, and we intend to make them pay for the cost of it.

Mr. BUCHANAN. I think they ought to pay.

SATURDAY, MAY 7, 1921.

## BUREAU OF LABOR STATISTICS.

**STATEMENT OF MR. CHARLES E. BALDWIN, CHIEF STATISTICIAN, BUREAU OF LABOR STATISTICS.**

## FOR REPORT ON LABOR CONDITIONS IN THE TERRITORY OF HAWAII.

The CHAIRMAN. Mr. Baldwin, you are asking that the deficiency bill carry the following item:

To enable the Commissioner of Labor Statistics to make a report on the labor conditions in the Territory of Hawaii, including the printing of schedules for the same, as required by "An act to provide a government for the Territory of Hawaii," as amended April 8, 1904, \$13,500, to remain available until expended.

We will be glad to hear you on this item.

Mr. BALDWIN. This is an item we have requested to be inserted in the bill to enable us to make this survey. It is one of the numerous things that the Bureau of Labor Statistics has not been able to do this year owing to the large cuts in its appropriation and in its personnel. We have had to curtail our work materially and it has been impossible for us to do this work. The amount is the amount estimated that will be necessary to pay the bills for printing and for making the investigation.

The CHAIRMAN. Did you have an estimate for this work in the items for next year?

Mr. BALDWIN. It is the same estimate we inserted in the bill in the last Congress.

The CHAIRMAN. Was that a deficiency estimate?

Mr. BALDWIN. It was in the deficiency bill.

The CHAIRMAN. Did you estimate for it also in the legislative bill?

Mr. BALDWIN. No, sir; we did not.

Mr. BYRNS. Do I understand that this work is being carried on now?

Mr. BALDWIN. No, sir.

Mr. BYRNS. I thought you said something about a deficiency.

Mr. BALDWIN. The work has not been started. We submitted it more in the nature of a supplementary appropriation, and it would be necessary for it to go in this bill.

Mr. BYRNS. You stated you asked for it in the last deficiency bill. Why was it not asked for in the regular estimates submitted to the legislative subcommittee which handle the appropriations for this bureau?

Mr. BALDWIN. Because the deficiency estimate was submitted after the estimates were made for the general appropriation. We were not sure that we would not have money enough to do this work at the time of our estimates.

The CHAIRMAN. In your regular estimate for the legislative bill, when you asked for \$100,000, was this item included in that estimate?

Mr. BALDWIN. It was not specifically included.

The CHAIRMAN. Was it contemplated?

Mr. BALDWIN. We never do make a specific item of that. We simply do it out of the miscellaneous appropriation, or we have here-

tofore; but as I say, the miscellaneous appropriation was reduced and our personnel was reduced to the extent of 22 positions, as you will remember, and consequently we have had to curtail our work.

The CHAIRMAN. And you are not able to do this work with the money carried in the regular appropriation?

Mr. BALDWIN. No, sir.

#### NATURE OF INVESTIGATION.

The CHAIRMAN. What will be the nature of this investigation and report?

Mr. BALDWIN. It will be an investigation of wages and hours of labor and costs of living, primarily.

The CHAIRMAN. Does the Territory make any such investigation and report?

Mr. BALDWIN. I do not know of any.

The CHAIRMAN. Would you have to send a force out there?

Mr. BALDWIN. Yes, sir.

The CHAIRMAN. How long would it take to make the investigation and report?

Mr. BALDWIN. It would take probably three months.

The CHAIRMAN. Is there anything in the labor conditions out there now that requires a special investigation and report.

Mr. BALDWIN. Nothing of serious import has come to our attention.

The CHAIRMAN. By far the larger part of the labor employed on the island is engaged in agricultural pursuits, such as cane raising, pineapple growing, and so forth.

Mr. BALDWIN. Yes, sir.

Mr. BUCHANAN. The proportion engaged in agricultural pursuits is overwhelming, is it not?

Mr. BALDWIN. Yes, sir.

Mr. BYRNS. Why is not this a matter proper for the Legislature of Hawaii?

Mr. BALDWIN. Well, I think it is, but the reason—

Mr. BYRNS. In other words, what is the particular interest that the National Government has in this proposition?

Mr. BALDWIN. The reason I am here is because there is a law requiring that we shall make this report every five years.

The CHAIRMAN. Did you make it five years ago?

Mr. BALDWIN. Yes, sir; in 1915.

Mr. BYRNS. That is the law referred to in the item?

Mr. BALDWIN. Yes, sir; the act of 1904.

The CHAIRMAN. What did that investigation and report cost?

Mr. BALDWIN. I can not give you the exact figures now, but the cost of the last investigation was used as a basis for making this estimate. We had to increase it because of the increased cost of transportation and other expenses.

The CHAIRMAN. Are the provisions of this law mandatory upon the Secretary of Labor to make this investigation and report every five years, whether he thinks it necessary or not?

Mr. BALDWIN. Yes. The law creating the government of Hawaii in 1900 required the Commissioner of Labor to make this investigation every year. Col. Carroll D. Wright was commissioner at that time. We made that investigation in 1901 and 1902, and it was

published in 1903. In 1904 the act was amended upon the recommendation of the commissioner, I presume, because he felt it was not necessary to make it every year, and the law was changed to make it every five years, and while it seems to be mandatory we have rather interpreted it to be an authorization rather than an intention of the Congress to require us to do something, whether it is necessary or not. I believe I have stated that correctly.

The CHAIRMAN. The act was passed in 1904 and provided for the making of the report in 1905 and every five years thereafter, so you would have to make it in 1920, and 1920 having passed, you are not called upon now to make it again until 1925. So you will not be up to that situation until 1925 anyway, will you?

Mr. BALDWIN. I am not interpreting that law, sir.

The CHAIRMAN. Suppose we interpret it for you and by our refusal to grant the appropriation conclude that the law does not impose upon the Labor Department the obligation to make another investigation and report until 1925.

Mr. BALDWIN. I presume you have authority to make such interpretation as you wish.

Mr. BYRNS. You can not do the work without the money.

Mr. BALDWIN. No, sir; we can not do it without the money.

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SATURDAY, MAY 7, 1921.

WOMEN'S BUREAU.

STATEMENT OF MISS MARY ANDERSON, DIRECTOR WOMEN'S BUREAU.

FOR INCREASE OF LIMITATION ON SALARIES.

The CHAIRMAN. You are asking that the deficiency bill carry the following provision:

The limitation contained in the legislative, executive, and judicial appropriation act for the fiscal year 1922 on the number of persons who may be paid compensation at a rate in excess of \$1,800 per annum is amended to read as follows: One at \$5,000, one at \$3,500, one at \$3,000, two at \$2,500 each, two at \$2,200 each, and three at \$2,000 each, and the appropriation is hereby increased from \$75,000 to \$87,400.

Miss ANDERSON. Yes; we are asking the additional \$12,400 to cover the positions that would be eliminated by the proviso in the legislative, executive, and judicial act as passed in the last session.

The CHAIRMAN. This is for the next fiscal year?

Miss ANDERSON. Yes; it is a supplementary estimate for the next fiscal year. We are doing that because that proviso eliminates seven positions in our bureau.

The CHAIRMAN. Seven positions that you have this year?

Miss ANDERSON. Yes. That includes our expert staff. This proviso in addition would demote three people we have this year, and therefore we are asking the additional \$12,400 to cover the positions of industrial supervisor at \$3,000, 2 industrial assistants at \$2,500 each, and 2 industrial agents at \$2,200 each. Then we can carry practically the same positions we have this year with the next year's appropriation.

The CHAIRMAN. The appropriation for next year is just the same as for this year.

Miss ANDERSON. Yes; there was no increase in the appropriation.

The CHAIRMAN. What duties are thrown upon this expert staff which is eliminated?

Miss ANDERSON. The industrial supervisor is the one who has charge of the field investigations, the ones that make investigations in the States, and the industrial assistants are in charge of separate field parties. We generally have two parties in the field. The industrial agents are investigators with greater experience than the special agents. The Women's Bureau makes investigations relative to all working conditions surrounding women in industry in the States and generally at the request of the States, and in that work we have to carry certain expert people who know working conditions and know factories. It would be impossible for us to send some one into a factory to talk to a manufacturer and go through the factory who did not understand factory conditions and standards which would be to the best interest of both employer and employee.

Mr. BYRNS. Under the limitations imposed in the bill for the next fiscal year, how many persons would there be in your bureau employed at a salary exceeding \$1,800.

Miss ANDERSON. There would be three at \$2,000 if the proviso that is now in the bill remains.

Mr. BYRNS. In other words, the director—

Miss ANDERSON. The director and the assistant director, are provided for in the bill passed by Congress last June.

Mr. BYRNS. Then in addition to that, there would be three others?

Miss ANDERSON. In addition to that there would be three at \$2,000 and none of the others over \$1,800.

#### ACTIVITIES.

The CHAIRMAN. Miss Anderson, what work is the Women's Bureau, as a bureau, now doing, that is not performed by the other bureaus in the Department of Labor?

Miss ANDERSON. None of the work performed by the Women's Bureau is performed by any other in the department. We have under our jurisdiction the women in industry. Our work is twofold; one is to enunciate policies and standards for the women in industry and the other is to make investigations so as to get facts, whereupon we can establish standards and policies and help those who want our help. We have just completed an investigation of factory conditions in the State of Georgia. That investigation was asked for by the church organizations and the women's clubs of the State. We have also just completed an investigation in the candy industry in St. Louis and Chicago, and we are starting Monday to go to Maryland for an investigation of a similar character for the State of Maryland at the request of the governor. We have also requests from Kentucky and Tennessee. The people want to know how the women are employed and they want to know what the working conditions are and what the hours are, and so forth.

Mr. BYRNS. Do I understand that these positions with increased salaries are intended for the inspectors or those employed here?

Miss ANDERSON. They are not increases.

Mr. BYRNS. I mean increases over the limitation.

Miss ANDERSON. Yes. These are for the position of industrial supervisor, \$3,000, two industrial assistants at \$2,500 each, and two industrial agents at \$2,200.

Mr. BYRNS. Are the persons holding those positions engaged on inspection work away from Washington?

Miss ANDERSON. Yes, sir; it is mostly field work.

Mr. BYRNS. Are they in the field all the time?

Miss ANDERSON. No; not all the time. They are in the field, approximately, half their time.

Mr. BYRNS. Of course, when they are in the field they get their subsistence and all expenses paid.

Miss ANDERSON. Yes; \$4 per diem, which, of course, is not much now.

#### NUMBER OF EMPLOYEES AND SALARIES PAID.

Mr. BUCHANAN. How many employees all told have you in this bureau?

Miss ANDERSON. We are carrying now 32, but we can not carry that number on the appropriation all the year around.

The CHAIRMAN. What proportion of the appropriation is expended for a clerical force in the District of Columbia?

Miss ANDERSON. I am not quite sure about that.

The CHAIRMAN. When you revise your remarks you can put a statement of that in the record.

Miss ANDERSON. We have 15 clerks, whose salaries consume about one-third of the appropriation.

The CHAIRMAN. At what rates of pay?

Miss ANDERSON. From \$1,440 to \$2,500.

The salaries of the field investigators also consume about one-third; \$8,500 is allotted to the salaries of director and assistant director, and the remainder is spent for travel and per diem in the conduct of field investigations.

The CHAIRMAN. After the legislative bill passed the House, did you take this matter up with the Appropriations Committee of the Senate?

Miss ANDERSON. Yes.

The CHAIRMAN. And it was not increased there?

Miss ANDERSON. No.

The CHAIRMAN. Have you taken it up with the chairman of the subcommittee on the legislative, executive, and judicial bill of the House and the other members of that committee?

Miss ANDERSON. No; I have not. We consulted the chairman at the time the bill was in conference.

The CHAIRMAN. Of course this committee does not like to run counter to the other subcommittees, but we very frequently consult with them. They have passed upon this matter and what you are asking us to do here is to sit in review upon a matter upon which they held extensive hearings and upon which they have come to a conclusion. I would suggest you take the matter up with the other members of that committee and try to convince them of the error of their ways.

Miss ANDERSON. I will be very glad to do that. The chairman of that committee is here. At the time the bill was up the Senate voted to give us the bonus, which was later withdrawn.



The CHAIRMAN. If this limitation is not modified, to what extent, Miss Anderson, do you think this limitation will impair the efficiency of your bureau?

Miss ANDERSON. It does away with seven positions and it demotes three others out of a staff that we can carry all the year round of about 28 people, so that it really hurts us to the extent of about one-third of our working force. We have canvassed very thoroughly to find out how we are going to get around this, but we can not find people with the experience who will take the positions at that salary; that is, people that will be able to direct the work. It is more than going in and seeing the working conditions; it is a matter of personality. We have no right to go in and say to a manufacturer, "You must show us your books or you must show us your factory." We go in with the cooperation of the manufacturer and we must have the personnel which knows how to invite and extend cooperation, and it is not everyone we can employ on this work that has such qualifications together with having had industrial experience.

Mr. BUCHANAN. Are men or women holding these position that will be eliminated?

Miss ANDERSON. They are all women.

Mr. BUCHANAN. Are all of the employees in this bureau women?

Miss ANDERSON. All but the messenger.

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TUESDAY, MAY 10, 1921.

## LIBRARY OF CONGRESS.

### STATEMENT OF MR. ALLEN R. BOYD, CHIEF CLERK.

#### PRINTING AND BINDING.

The CHAIRMAN. You are asking \$20,000 deficiency for printing and binding for the Library of Congress?

Mr. BOYD. Yes, sir.

The CHAIRMAN. You had an appropriation of \$232,000 for this year?

Mr. BOYD. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. BOYD. We have about \$20,000 left according to the last statement on May 4.

The CHAIRMAN. May 4—pretty nearly two months to run?

Mr. BOYD. Yes, sir.

The CHAIRMAN. What have been your monthly expenditures?

Mr. BOYD. They average now about \$20,000. I thought that we would be able to get through by great economy, but the Printing Office says no.

The CHAIRMAN. What printing and binding do you have done at the Printing Office?

Mr. BOYD. We have the printing of the catalogue cards, the miscellaneous printing of the library, the printing for the Copyright Office—in particular, the catalogue of title indexes, which has to be printed under the law.

The CHAIRMAN. How about the binding?

Mr. BOYD. The binding for the Library is done at the branch bindery.

The CHAIRMAN. Out of this appropriation?

Mr. BOYD. Yes, sir.

The CHAIRMAN. That is, if a book is in such a condition that it must be rebound, it is done out of this appropriation?

Mr. BOYD. Yes, sir. Many of the books that we receive from abroad are unbound.

The CHAIRMAN. And you bind them?

Mr. BOYD. Yes, sir.

The CHAIRMAN. What proportion of your appropriation is expended for binding?

Mr. BOYD. Last month, I think, \$13,000. It runs from \$9,000 to \$13,000. It is a little lower than that sometimes. We bind the newspapers out of this appropriation.

The CHAIRMAN. It takes half of the appropriation for binding?

Mr. BOYD. Yes, sir; a little less than half. More goes for printing than for binding.

The CHAIRMAN. How much of an appropriation have you for next year?

Mr. BOYD. \$250,000. Last year with the deficiency it was \$263,000.

The CHAIRMAN. Could you get along now with \$18,000, so as to bring you for this year to just what you will have next year?

Mr. BOYD. I think so myself. It depends very largely on what the Printing Office charges. It is difficult to estimate what the charges will be for these last two months.

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TUESDAY, MAY 10, 1921.

## DEPARTMENT OF STATE.

### STATEMENT OF MR. WILBUR J. CARR, DIRECTOR OF THE CONSULAR SERVICE.

#### CONTINGENT EXPENSES, FOREIGN MISSIONS.

The CHAIRMAN. Mr. Carr, you are asking for a deficiency appropriation for contingent expenses of foreign missions for the fiscal year 1921, \$92,000?

Mr. CARR. Yes, sir. I am very sorry that we have to come before this committee and ask for a deficiency in that appropriation. The department felt that it was making every possible effort to avoid a deficiency and to get through the year on the amount which Congress gave it, but several unexpected things happened which have made more money necessary for this year. In the first place, if you will remember, the Diplomatic and Consular bill, which carries the appropriation for contingent expenses, was not passed until almost the end of the fiscal year 1920, and hence there was a good deal of delay in getting the notices of allotments to the different missions. Some of the missions did not receive their notices of allotments until late in the first half of the year. As you know, it takes a com-

munication several weeks to go from Washington to China, Japan, Turkey, and some of the more distant missions. They had proceeded meanwhile with their expenditures on the basis of last year's allotments.

Consequently, when the allotments for the current year were received they found that they had spent much more proportionately than they were authorized to spend, because a great reduction in the allotments had been made over those of the previous year. A large part of this deficiency occurred in that way, for which I think the men were not wholly responsible and, to a certain extent, the department was not responsible. Having thus spent a disproportionate amount the first half of the year, we come to the latter part of the fiscal year with an inadequate amount to carry us to the close of the fiscal year. Then, a large part of this deficiency is due to some very heavy telegraphic expenses incurred which could not be foreseen and which could not well have been avoided. For instance, in the handling of the negotiations which took place between Japan, Great Britain, France, and the United States in regard to the consortium, a great deal had to be done by telegraph and the bills were very heavy. The embassy at Japan, if I remember correctly, spent over \$16,000 for telegrams, instead of some \$5,000 which had been allotted for telegraphic expenses, and is now in great need for a supplemental allotment for that purpose.

In China a very large expense for telgrams has been necessary. There have been important economic as well as political questions to be dealt with. General unsettled political conditions, and the disturbed conditions in Mongolia and Manchuria, all have called for the sending of frequent and sometimes lengthy instructions to our Diplomatic and Consular officers in China and receiving from them lengthy reports. The necessity for prompt action has not permitted of the use of the mails except in routine matters, because the time required to reach Peking, for example, from Washington by mail ranges from 10 to 12 weeks. Therefore, our minister in China spent for telegrams alone, during the first half of the fiscal year, a sum greater than his allotment for all office expenses for the whole fiscal year.

In Liberia, also, there were important developments which necessarily led to a large expenditure for telegrams.

The total expenditure for telegrams during the first six months of the fiscal year at the missions where the total expenditures for contingent expenses have been greatly in excess of the allotments amounts to nearly \$41,000. In none of these cases has there been an excessive use of the telegraph, but rather the contrary. It may be said also that the missions at which the telegraph expenses have been greatest are those situated at a great distance from the United States and which, therefore, have the highest telegraphic rates.

Another important cause of this deficiency is loss by exchange, an item that can not be controlled and which at the present time causes unduly large expenses because of the abnormal exchange situation throughout the world. The loss by exchange in Peking for the first half year was \$1,369, while at the legation at Teheran it was \$4,356. Another unforeseen expense was that of making urgent and necessary repairs to the legation building in Peking and the embassy building in Tokyo. These buildings are owned by the Government and it is

obviously unwise to permit deterioration to go beyond a given point on account of the great damage and undue expense which may inevitably result from failing to make timely repairs.

We also need a small amount, a few thousand dollars, for additional allotments to the missions in Turkey, China, and Japan and some of the other places where there is insufficient money to keep them going until the 30th of June. The missions at Constantinople and also in Japan are both being run on the personal responsibility of the heads of the mission. We have no money at all to offer them.

That, in brief, Mr. Chairman, is the unfortunate condition which we face, and which causes us to come to you for an additional appropriation for the current year.

In connection with this estimate, I want to say that the department has taken every possible step to put its expenditures upon a basis where next year we hope to avoid asking you for anything in the way of a deficiency; we hope to get down to what we consider a peace basis and to avoid requests of this kind.

The CHAIRMAN. Are your expenditures under this item in such shape that you can tell what the approximate overcharge will be on this appropriation?

Mr. CARR. As nearly as we can estimate, and we can tell fairly well, we think that we can get through to the 30th of June with the \$92,000 asked for. There are already deficiencies existing in the accounts of the missions abroad that, according to our accounts, amount to \$63,710. We estimate that an additional amount will be required during the present half of the fiscal year of probably \$30,000, owing to the disproportionately large expenditures during the first half of the year. We can not estimate the amount exactly. We are getting the data, but we have not yet received sufficiently full data to enable us to indicate the exact figures. We estimate that we will need \$5,000 for some additional supplies between now and the 30th of June.

The CHAIRMAN. You had \$900,000 for this purpose for this fiscal year?

Mr. CARR. Yes, sir.

The CHAIRMAN. What have you for the next year?

Mr. CARR. \$800,000.

The CHAIRMAN. You will have to make a considerable reduction?

Mr. CARR. Yes, sir; and it will cramp us pretty badly, but we are bringing our expenditures inside of the amount you have given us and we will keep them there until you appropriate more money. It is only right that I should point out that the Diplomatic Service has suffered a very severe curtailment of its activities through reduction of appropriations. The appropriation for contingent or operating expenses was cut for the current year from \$1,310,000 to \$900,000, a reduction of \$410,000, and it has been reduced another \$100,000 for next year. This last reduction will make further curtailment of activity imperative, notwithstanding the unsettled condition of the world and the important American interests to be safeguarded.

Another item is that of the dispatch agencies which forward our mail pouches. They will have a deficiency of \$11,700 to the 30th of June. Those are the unforeseen expenditures the amount of which we can not well forecast, because they embrace freight charges on supplies, drayage, customs duty in foreign ports, and similar items.

That will make \$110,429. Deducting certain savings on other allotments of probably \$19,000, we have a total estimated deficiency of about \$92,000. That is about as near as we can get to the exact amount. Every item has been pared down to the minimum amount believed to be needed. For example, the first estimate which came to me for stationery was \$10,000. I investigated it and felt that we would possibly be safe in cutting it to \$5,000. I did so. The Secretary had cautioned us to keep our estimates of appropriation and expenditures to the very lowest amount with which we could possibly get along.

The CHAIRMAN. What are the largest items of expenditure under this appropriation?

Mr. CARR. The largest items of expenditure are telegrams and loss by exchange, and a few urgent repairs to buildings which are owned by the Government, namely, at Peking and Tokyo. Then at least \$30,000 is needed for anticipated deficiencies during March and June quarters of the current year, a part of which is for telegraphing. The minister at Peking is at present personally responsible for all of his telegraphic expenses and the expenses of his legation. He was allotted \$17,000 for the whole year and the telegraph bills alone for the first half of the year were about \$17,000. That was not his fault, because there were a number of important things that had to be done and could only be done by telegraph. The expense was incurred really in carrying out the instructions of the State Department and in responding to requests for reports, and in connection with important negotiations. The high commissioner at Constantinople, an admiral in our Navy, is in the same situation in regard to expenses. Likewise the embassy at Japan, the legation in Persia, and the legation at Berne, Switzerland. The Government can hardly close these missions, yet they can be carried on at present only at the personal expense of the officers in charge.

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TUESDAY, MAY 10, 1921.

## TREASURY DEPARTMENT.

### BUREAU OF INTERNAL REVENUE.

#### STATEMENT OF MR. M. F. WEST, ACTING COMMISSIONER OF INTERNAL REVENUE.

##### FOR THE RELIEF OF THE ESTATE OF JOSEPH MATTHEWS.

The CHAIRMAN. Mr. West, there has been transmitted in House Document No. 73 a request for an appropriation of \$1,000 to make good the loss of a Liberty bond that had been deposited with some official of the Government. What is the situation regarding this matter?

Mr. WEST. The situation is something like this: Under the revenue act of 1917 wholesale liquor dealers who had tax-paid spirits on their premises, when the increased rate went into effect, under the provisions of that act, could pay the additional tax within seven months,

provided they gave bonds to guarantee the payment of the tax. We issued regulations under that provision of law and accepted Liberty bonds as collateral. I think we took in nearly \$100,000,000 worth of those bonds. We had a committee appointed for the purpose of protecting and safeguarding the bonds. They were sent by registered mail, opened up there before this committee, a record made of them, and they were then filed in a vault.

This particular bond was put up as collateral by Joseph Matthews, of Solvay, N. Y. It was deposited with the collector of the twenty-first district of New York with headquarters at Syracuse. The bond was not sent in according to the instructions we had issued, but it went to the Treasury Department in the mails and files section to the mail insurance room T, Treasury Department, Washington. That was the way it was addressed. It was receipted for there under registry No. 87027 on December 17, 1917. It was brought up to the commissioner's office and never reached this committee that had been appointed to take charge of these collaterals; otherwise, we would have known all about it in due time and a record would have been made. It was many months later when we got notice from the collector that the taxes had been paid on this floor stock of Mr. Joseph Matthews. We then looked at our records and found that we had no record of ever receiving this bond. It was a \$1,000 bond of the second issue and the number was 347069. Of course, at that time an investigation was started to find out about the bond. The collector was written to. He referred to the registered number of the mail package and we found out that that had been received in mail insurance room T, Treasury Department, and had come to us, but we could not find the bond and we could not find any trace of it.

Later on, Mr. Matthews died and his estate wanted to close up this matter and an effort was then made to get something started through Congress for the relief of the estate. A letter was sent to the Speaker of the House relative to the matter last year, but nothing effective was done. Now, there is no question about the estate being entitled to relief.

The CHAIRMAN. Who has the bond? You never got the bond?

Mr. WEST. No. There is no question about the bond now because the Secret Service made an investigation of that and only recently found out that a messenger in our department had stolen that bond, and his trial will come up in the near future. He has nothing. I inquired about that this morning before I came up. He is tubercular. The unfortunate part about the whole case is that it was not presented to Congress a long time before this, because this happened in December, 1917, and the estate has been out of the use of that money all this time. Unquestionably, some relief should be afforded.

Mr. BUCHANAN. Did you make another collection?

Mr. WEST. No.

Mr. BUCHANAN. Then how are they out anything?

Mr. WEST. Here is the way that happened: Joseph Matthews paid his tax within the seven months. When the tax is paid, then we return the bonds to the people who own them, and our committee, when it looked for this bond and having notice from the collector that the tax had been paid, found no record of it. That is one reason why many months elapsed before we knew anything about it.

The CHAIRMAN. What did this messenger do with this bond?

Mr. WEST. I was talking with the Secret Service officer this morning and he told me that from the evidence they got there that the messenger carried this bond in his pocket for two or three months before he did anything with it. Then, subsequent to that, through an attorney or through a colored banker here, he sold the bond for about half price. There is a question of collusion there that is being looked into now by the Secret Service.

The CHAIRMAN. Are you paying the interest on this bond?

Mr. WEST. The way we got information in connection with this matter was through the conversion of that bond at the Treasury Department. Of course, we knew the serial number. We had found out that one of the coupons had been cashed. It was a coupon bond. That is the way the Secret Service people ran the thing down, on account of its conversion—bond numbered so-and-so converted on a certain date. Then they traced it back to this colored banker, and that is the way they found out where it went.

The CHAIRMAN. What do you do in a case of that kind with reference to the bond for which this new bond was issued? This bond now has been turned back to the Treasury and a new bond issued.

Mr. WEST. It was converted into another bond, and we do not know where the original bond is.

The CHAIRMAN. You have no way of reaching it?

Mr. WEST. No; we have no way of reaching that particular bond that was converted. That probably has passed through a dozen hands or more by now.

The CHAIRMAN. But, of course, all this estate is entitled to is the interest on that bond at the rate specified in the bond and another bond of that same denomination.

Mr. WEST. Yes; that is true, the interest on the bond and another bond of that kind or one under the bond act to which it could be converted.

The CHAIRMAN. Otherwise you would be placing a premium on people losing their bonds or having them stolen and then coming in and getting 100 cents on the dollar.

Mr. WEST. Yes; I see your point, and I would like to say that we drew this up in a different way, but I took it up with the Secretary's office, in the bookkeeping and warrants division, and through them with Mr. Gilbert, who has charge of the fiscal matters, and the suggestion was made, which I think is an entirely proper one, that instead of appropriating money in this case provision should be made for a bond in lieu of this other one.

The CHAIRMAN. Have you drawn up such a provision?

Mr. WEST. That is the provision you have before you. That was approved in the Secretary's office. It is a very necessary matter, as I see it. When you think of handling \$100,000,000 of bonds and not losing one nor having any difficulty at all, I think that that committee—and I helped to select it—is to be congratulated, because we had to cut the coupons on very many bonds. We ruled there that we could give the interest to the parties as long as the bonds were in our custody, and it was a daily occurrence to go to the vault, withdraw bonds, add bonds to them, or cut coupons, and this loss would never have occurred had the bond come through the regular procedures.

Mr. BUCHANAN. It was stolen on the way?

Mr. WEST. It is the only one, so far as the floor tax is concerned, that we had any trouble with whatsoever, and it appears like it is just one of those matters we could not avoid.

Mr. BUCHANAN. It is clearly evident that the estate of Mr. Matthews is entitled to relief.

Mr. WEST. Absolutely. They should be given relief, and I am sorry, personally, in a way, because I am familiar with this case, that they have had to wait so long.

The CHAIRMAN. Have you anything further?

Mr. MAGEE. I only want to say, if I may, Mr. Chairman, that the people interested here are constituents of mine and they took the matter up with me. The Treasury Department has done everything it could to facilitate the matter. It has run along now for many years and the heirs are getting a little impatient because they want to settle up the estate, and this is the only thing that is now outstanding. If this matter can be taken care of it will expedite the judicial settlement of the estate in closing up its affairs.

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TUESDAY, MAY 10, 1921

THE COAST GUARD.

STATEMENT OF COMMODORE WILLIAM E. REYNOLDS, COMMANDANT.

FOR TRANSFER OF APPROPRIATIONS.

The CHAIRMAN. You are asking that the deficiency bill carry the following item:

Not exceeding the sum of \$20,000 heretofore appropriated for the Coast Guard, 1921, under the subhead, "rations," is hereby transferred and made available for expenditure under the subhead, "contingent expenses."

What is the necessity for this provision?

Commodore REYNOLDS. It is principally due to the increase of freight rates and telegraphic charges.

The CHAIRMAN. And you need \$20,000 more for contingent expenses and will have a surplus of \$20,000 in your appropriation for rations?

Commodore REYNOLDS. Yes, sir. We have been as economical as we possibly could be. I have sent out four appeals to cut down expenses under this contingent item, and we have done so. We have cut it down materially so that it has pretty nearly offset the increase in cost.

The CHAIRMAN. What is your total appropriation for contingent expenses?

Commodore REYNOLDS. We had an appropriation of \$105,000 for 1921, and a deficiency of \$25,000, making a total of \$130,000 for the year.

The CHAIRMAN. What expenditures are made out of the contingent appropriation?



Commodore REYNOLDS. The principal expenditures are the communication service, repairs to stations and apparatus, and general transportation; there are quite a number of other incidental expenses which are paid and for which no other appropriation is available.

The CHAIRMAN. Is your transportation item a very large item?

Commodore REYNOLDS. Yes, sir.

The CHAIRMAN. One of the largest?

Commodore REYNOLDS. Yes, sir; one of the largest; in fact, it is the largest individual item we have under this appropriation.

The CHAIRMAN. And you have enough money in your appropriation for rations to cover this?

Commodore REYNOLDS. Yes, sir; we will have enough in the rations account to supply this deficiency.

The CHAIRMAN. Then after we have this transfer you will not come in after a while for a deficiency to make good a deficiency in the rations appropriation?

Commodore REYNOLDS. No, sir; not unless there should be a very unusual advance in prices, and prices are tending downward now.

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TUESDAY, MAY 10, 1921.

PUBLIC HEALTH SERVICE.

STATEMENTS OF DR. HUGH S. CUMMING, SURGEON GENERAL,  
AND DR. R. H. CREEL, ASSISTANT SURGEON GENERAL.

QUARANTINE STATIONS.

The CHAIRMAN. Doctor, you are asking for additional appropriations for the quarantine stations as follows: \$384,470 at Boston; \$749,200 at New York; \$287,620 at Baltimore; and \$323,620 at Philadelphia.

Dr. CUMMING. Yes, sir.

NEW YORK QUARANTINE STATION—FOR IMPROVEMENTS, WATER-SUPPLY  
SYSTEM, POWER PLANT, CONSTRUCTION OF BARRACKS, ETC.

The CHAIRMAN. The details appear on page 2 of House Document No. 70. What is the necessity for engaging upon such extensive repairs at these quarantine stations at this time?

Dr. CUMMING. Mr. Chairman, you probably have read in the papers a good deal about the typhus situation in Europe, which particularly brought this matter about. As you know, there are very large numbers of immigrants coming into this country now, and most of them are coming from typhus-infected areas. Typhus has threatened New York and a good many ships have arrived there with it. As a result of that, the harbor was pretty well filled up with passenger ships which were being held, really, as hotels to keep passengers on while they were being treated and while they were being deloused.

You will remember that you gentlemen authorized the purchase of the New York quarantine station the last of June, in the sundry civil bill of June 20, but the Department of Justice passed on the

title only shortly before the 1st of March of this year, the date of the transfer. At that time I went up there to see the station, with Dr. Creel, the chief of the Quarantine Division, and we found that the facilities were absolutely inadequate. The State had voted authority some five or six years ago to sell this property to the Government, and since that time they had spent no money on permanent improvements. There was nothing there in the way of equipment but a pile of junk, practically, so far as disinfecting and housing facilities were concerned. So we went into the question of how to fit up the station, what was needed to handle the traffic and commerce in these ports. The amounts opposite the different items were estimated by the Supervising Architect's Office. The estimates as to what was needed was based on our personal inspections, and subsequently I appointed a board of the older officers of the service, who were most experienced in quarantine work, and they made a report. We talked to the chambers of commerce people of the different cities and we based our estimates upon those needs.

The CHAIRMAN. Why was not this matter presented to us at the hearings on the regular estimates when we had time to go into this matter instead of bringing it in here as a deficiency at the end of the year?

Dr. CUMMING. We only took over that station, Mr. Good, on the 1st of March.

The CHAIRMAN. The station would seem to have been ample for all purposes when the State of New York was conducting it.

Dr. CUMMING. Just before we took it over they let some typhus into New York.

The CHAIRMAN. What arouses my suspicion, Doctor, is that because of a situation at New York you seize upon that as an opportunity to enlarge all the rest of the stations.

Dr. CUMMING. Oh, no, sir.

**BOSTON QUARANTINE STATION—FOR IMPROVEMENTS, REMODELING,  
AND EXTENDING WHARF, CONSTRUCTION OF BARRACKS, ETC.**

The CHAIRMAN. For instance, you have estimated \$384,000 for Boston.

Dr. CUMMING. The Boston situation developed in this way: It seems to be the intention on the part of steamship companies to more or less make Boston a big immigration port, so the chamber of commerce and steamship people tell us. I went up there in the latter part of February and we had several big ships there from Dantzic with immigrants on board; the ships are now carrying a larger number of immigrants. When I was on quarantine work, for instance, a shipload of 500 immigrants was a pretty big load, but now these ships bring 2,000 or more at a time, and you frequently have several ships coming in the same day. That happened the day we were up there. These quarantine stations that were taken over from the States had been built years ago. Conditions in Europe had been pretty healthy up until the last few years. During the war there was no immigration, so that did not affect us because the troops were deloused on the other side. Since that time immigration has been enormous.

I do not know what will be the result of the new immigration act, but they seem to feel it will not decrease the number from central Europe very much, and the reports from our officers over there, which you have heard, of course, from other sources, are to the effect that the consulates are absolutely crammed with people trying to come over here. Of course, we could run the stations by holding the ships and keeping the people on them, but the steamship people, of course, say, which is perfectly proper, I suppose, that it costs a dollar a day per ton as demurrage to hold a ship, and with proper facilities and a station we simply take the people off, let the ships go, and load and unload, and of course that facilitates commerce.

The CHAIRMAN. Are you anticipating an increase in the number of immigrants at Boston?

Dr. CUMMING. Yes, sir; they tell us the direct line from Dantzic is going to continue to run to Boston—the United States Mail and the Baltic-American steamship companies.

The CHAIRMAN. I notice one of the large items you are asking for is additional barracks with capacity for 500 persons.

Dr. CUMMING. Yes.

The CHAIRMAN. What barracks capacity have you there now?

Dr. CUMMING. One thousand five hundred.

The CHAIRMAN. And is that building fully occupied?

Dr. CREEL. The dormitory facilities are sufficient for 1,500 if they could be fully utilized, but this situation has developed in regard to that matter: A number of ships that have been coming in have been required to be detained and the passengers taken off of them, and after being deloused detained for 12 days on account of exposure to typhus. In other cases it is sufficient to simply delouse the passengers and pass them on, but if the 1,500 beds were occupied, there is not sufficient space to handle the delousing of these passengers that are going through. In other words, at least one-third of the dormitory space must be utilized as temporary barracks for the delousing of these people that are not going to be detained but simply deloused and passed on through. So that has cut down our barracks space practically to a capacity of 1,000 beds. Congress made an appropriation three or four years ago and we contemplated that would bring the entire capacity of the plant up to 2,000, but when it came to construction, instead of getting barracks facilities for 1,500 we were able to get only 1,000.

The CHAIRMAN. Is that a permanent building?

Dr. CREEL. Yes, sir; they are permanent frame buildings. The roofs were not of a permanent material. I believe it was of some tarpaper composition.

The CHAIRMAN. Have you any other building there that you are not now using that could be used for this purpose?

Dr. CREEL. For temporary detentions?

The CHAIRMAN. Yes.

Dr. CREEL. No, sir; not that I know of. There is the possibility of altering an old storehouse there, but it is quite an old building, and it is a question in my mind whether the alteration would not be equally as expensive as building a new one.

Dr. CUMMING. We got away with this situation which happened in the last of February and March by borrowing a place. We made arrangements to borrow a place belonging to the State on another

island, but running it is very expensive. It is a penal colony which happened to be empty at the time, and I borrowed that building so that we could house a second shipload temporarily.

## EXPENDITURES.

The CHAIRMAN. What is the monthly rate of expenditure at this Boston quarantine station for operation?

Dr. CUMMING. I have not got that. We can insert it.

The CHAIRMAN. Have you the total costs for all purposes for the quarantine station at Boston?

Dr. CREEL. We have record for the last fiscal year, but this item varies. During February the catering bill for detained passengers alone was approximately \$29,000.

The CHAIRMAN. I wish you would furnish it for last year and for the first six or eight months of this year?

Dr. CREEL. I will bring it up to the 1st of April.

The CHAIRMAN. Very well.

Expenditures Boston quarantine station, fiscal year 1920.....	\$21, 277
Expenditures Boston quarantine station, July 1, 1920, to Mar. 31, 1921.....	74, 526

## RECEIPTS.

The CHAIRMAN. What are your receipts at Boston compared with your expenditures?

Dr. CREEL. They are considerably lower.

The CHAIRMAN. Is there any reason why the receipts should not be increased so as to make that station self-supporting?

Dr. CREEL. The only reason is that there is no provision of law for charging a fee for the performance of a public duty.

The CHAIRMAN. Do you charge anything for fumigating vessels?

Dr. CREEL. Yes, sir; because that is provided for in the appropriation act approved April 17, 1917.

The CHAIRMAN. At Boston you charge for the quarantine service the same as you charge in New York?

Dr. CREEL. No, sir.

The CHAIRMAN. I do not mean the same amount, but do you charge for that service?

Dr. CREEL. No, sir.

The CHAIRMAN. The same service that you perform in New York you get paid for, and for which you do not charge in Boston?

Dr. CREEL. We do not charge for the inspection of vessels in Boston.

The CHAIRMAN. Why should you not?

Dr. CREEL. The only reason is that there is no provision of law. The Solicitor has ruled that an executive official may not impose a fee for the performance of official duty unless so authorized by law.

The CHAIRMAN. Please put in the record also the receipts at Boston for the last year and for the first eight months of this year.

Dr. CREEL. Yes, sir.

Repayments at Boston quarantine station, fiscal year 1920.....	\$2, 465. 64
Repayments at Boston quarantine station, July 1, 1920, to Mar. 31, 1921..	48, 617. 75

The CHAIRMAN. Is it necessary to remodel and extend the wharf?

Dr. CREEL. I think so. Over a year ago we submitted this estimate and it is simply reinserted.

The CHAIRMAN. Which of the larger items do you consider the most important?

Dr. CUMMING. At Boston?

The CHAIRMAN. Yes, sir.

Dr. CREEL. It would be very difficult to separate any one, unless possibly the permanent roof, which is a \$25,000 project. The roof has commenced to deteriorate and it is merely a question of time until renewal will become necessary.

The CHAIRMAN. If you need a permanent roof, that is the first thing you should have.

Dr. CREEL. This temporary roof might last for a year or more, but when it starts to go it will probably go in a hurry and the funds should be immediately available for renewal with a roof of more permanent type.

The CHAIRMAN. The two large items are remodeling and extending wharf and for additional barracks with capacity for 500 persons?

Dr. CUMMING. I think we need the barracks more than the wharf. There is a good deal of luck about a wharf, it may stay two or three years and it may come down in one storm. We can not guess at it much.

The CHAIRMAN. How long would it take you to extend the wharf, if you had the money?

Dr. CREEL. That would be done by the Supervising Architect's office and we can not say how long it would take; it might take six months.

The CHAIRMAN. How long would it take to build this building?

Dr. CREEL. This construction project would probably not be completed before next fall. We anticipate a probable lull in the situation this summer. You might get a better understanding of the situation, Mr. Chairman, if I point out that most of the quarantine stations now under the control of the Government were taken over from the various city and State governments and for the most part were constructed 20, 30 or 40 years ago. At the time they were established they were probably sufficient for the purposes, but there has been a considerable change since then. In 1890 if a trans-Atlantic ship came to Boston with 500 immigrants it was considered to be a "bumper" load. Now we not infrequently have 2,000 at quarantine and we have to take off the immigrants from the ships and crowd them into small space or hold up the ship. We had the steamship *San Giusto* arrive from Trieste with several cases of typhus. We did not have sufficient facilities for the isolation of those passengers ashore and they had to be held on the vessel in the stream. The result was that the S. S. *San Giusto* and the S. S. *President Wilson* had between them about 60 cases of typhus. If we had had the facilities for isolation on shore, and adequate disinfecting equipment, it would not have been necessary to hold up the vessels nor would there have been so many secondary cases. The *San Giusto* was held up for 21 days. If we had had facilities on shore we could have released the vessels. The entire quarantine procedure has been revolutionized. Formerly, if a vessel had cases of typhus or yellow fever or plague it necessitated holding up that vessel until the disease apparently had burned itself out.

Mr. BYRNS. What percentage of immigrants enter through Boston?

Dr. CREEL. I can not say off-hand.

Mr. BYRNS. Approximately?

Dr. CUMMING. It is pretty hard to give you much of an idea of the number. If the present arrangements of the steamship companies are carried out, they are trying to get away from New York on account of the labor and dockage conditions.

Mr. BYRNS. Do you charge for the inspection of the vessels there?

Dr. CUMMING. That is such a small item compared with other items of expenditure or reimbursement.

Dr. CREEL. At Boston there were 49,000 aliens inspected during the last fiscal year.

Mr. BYRNS. Will there be more steam vessels coming in there in the future?

Dr. CUMMING. According to the chamber of commerce and the steamship people; but, of course, we do not know.

Dr. CREEL. The steamship people desire to relieve the congestion at New York by distributing the shipping to other ports.

The CHAIRMAN. Every time that the steamship companies experience a little trouble with labor are we to then build up a new quarantine station, just to suit their migratory desires in that respect? Suppose we constructed this building, and they say, "Well, Boston is not the place, Baltimore is the place for a big quarantine station; we will ask the Public Health Service to make provision there," and they keep on switching you from one port to another, are you going to do any such thing as that?

Dr. CREEL. This project is not predicated on that assumption at all.

The CHAIRMAN. On the assumption that they have found the marine conditions more favorable in Boston than in New York and therefore change their terminus?

Dr. CREEL. No; my answer was in reference to Mr. Byrns' inquiry as to the immigration at Boston. There is to-day substantial immigration and shipping at Boston and also at Philadelphia.

#### IMMIGRANTS EXAMINED AT VARIOUS STATIONS.

The CHAIRMAN. Will you be good enough to place in the record a table showing the immigrants landing at Boston, New York, Baltimore, and Philadelphia for a five-year period, by years, and also for this year as far as you have the available information?

##### *Aliens examined.*

Year.	Baltimore.	Boston.	New York.	Philadel- phia.
1916.....	178	13,643	178,461	289
1917.....	218	12,407	160,105	396
1918.....	299	3,830	55,191	415
1919.....	227	685	62,253	517
1920.....	535	17,147	333,727	4,381
1921.....	217	46,697	479,687	16,676
Total.....	1,674	94,409	1,267,424	22,674

<sup>1</sup> Through April, 1921.

<sup>2</sup> Through February, 1921.

<sup>3</sup> Through March, 1921.

The prewar average of the above ports was as follows: Baltimore, 40,248; Boston, 80,322; New York, 1,009,854; Philadelphia, 60,483.

Dr. CUMMING. I might say, Mr. Chairman, that one reason for not having more immigration at the present time at New York is the lack of quarantine facilities there. They have to divert them to other ports.

The CHAIRMAN. If it was worth anything when they paid money out of their own pockets they should have provided the facilities. Now, that they can load the whole expense on the Government they begin to talk about the inefficiency of the plant which they themselves established. It seems to me that is not coming here with clean hands to the Government, because we have only recently taken it over.

Dr. CUMMING. There is one other thing. Up to the time of the war, Europe was very clean, we had no difficulty. Now it is full of disease and probably will be for a good many years.

The CHAIRMAN. At the present time is there any supervision over an immigrant before he takes passage with regard to his health conditions?

Dr. CUMMING. We do in this way, Mr. Chairman. We can not compel a steamship in a foreign port to do anything, but we do advise this: If the immigrant is not deloused and found to be healthy by the American consular authority before he sails—or if an American consul is advised by a doctor (one of our doctors in his office), that a person is not in fit condition from a quarantine standpoint, then the ship will be held up on this side.

The CHAIRMAN. Has this matter been brought to the attention of the President, this alarming condition with regard to the numbers coming over here now infected with dangerous diseases like typhus, so that he can issue such regulations as may be necessary with regard to examination before they are permitted to come at all?

Dr. CUMMING. The men that we have stationed in the consulates over there were assigned by direct authority of the President.

The CHAIRMAN. You will get relief if you have the right kind of men and have them examined before they take passage; see that they are in a condition of health that ought to be first class and not permit anyone to come who is not in that condition.

Dr. CUMMING. There is no doubt about that. I should like to feel able to be justified in recommending the stopping of immigration.

Dr. CREEL. If we had not had this medical supervision in European ports, instead of only nine typhus-infected vessels arriving at our ports during the past year we would have had many more.

Mr. BUCHANAN. The American consuls in a foreign country before whom the immigrant has to have his passport viséed, have they any authority to go into any medical examination?

Dr. CUMMING. No, sir. From my own observation abroad—I was stationed abroad some years at one time—they advise the steamship company. In one foreign port I found 9,000 out of 27,600 who were diseased and recommended their rejection. I could not stop the ~~steamship company from bringing them~~.

Mr. BUCHANAN. You could by not viséing the passports?

Dr. CUMMING. The consular agent might be able to do that; it is up to him.

Mr. BUCHANAN. What authority has he to examine them from a medical or infected standpoint?

Dr. CUMMING. Only as to certain diseases which are mentioned in the United States quarantine regulations, as smallpox, typhus, yellow fever, and cholera.

Mr. BUCHANAN. Where does he get his information; he has no doctor?

Dr. CUMMING. In certain ports he has the continuous services of a United States Public Health officer. In other ports he has to do the best he can.

Mr. BUCHANAN. I understand that our consuls are six months behind in preparing the passports and viséing them, and taking them in regular order an immigrant has to wait seven or eight months before he reaches the vessel?

Dr. CUMMING. I never saw anything like that; it may be.

Mr. BUCHANAN. I have a letter from the State Department stating that fact.

Dr. CREEL. I should like also to point out that you can not wholly exclude an American citizen on account of the typhus situation or other quarantinable conditions. There are yearly from 100,000 to 200,000 naturalized aliens going to and fro between Europe and America.

**NEW YORK QUARANTINE STATION—FOR IMPROVEMENTS, WATER-SUPPLY SYSTEM, POWER PLANT, CONSTRUCTION OF BARRACKS, ETC.**

The CHAIRMAN. Now, as to New York?

Dr. CUMMING. Taking up the first item, if you will allow me, the conditions there now are that they have to tow water from New York City, and it costs about \$40,000 a year to tow the water down there. There is a pipe line over near the shore of Staten Island. This item for piping across the flat would furnish water to the station. They have tried artesian wells for years, but they are salty. The amount would be saved in about a year.

The CHAIRMAN. Where would you get the water?

Dr. CUMMING. From a Staten Island supply.

The CHAIRMAN. Where do you get it now?

Dr. CUMMING. From New York by means of water barges or lighters.

The CHAIRMAN. You expect to lay a pipe line?

Dr. CUMMING. Yes, sir; the water is shallow there.

The CHAIRMAN. How large a pipe line?

Dr. CUMMING. Eight inches.

The CHAIRMAN. Of cast iron?

Dr. CUMMING. I understand it will be of cast iron.

The CHAIRMAN. And you will save that amount in a year or two?

Dr. CREEL. One year.

Dr. CUMMING. Yes, sir.

The CHAIRMAN. How about the power plant?

Dr. CUMMING. The power plant is pretty well junk, Mr. Chairman. It does not really furnish enough steam for the heating plant. The estimate as to the cost was furnished by the Supervising Architect's office. It looks like a big one to me.

The CHAIRMAN. That power plant, does it furnish just light and heat?



Dr. CUMMING. No, sir. It furnishes, in the first place, light; in second place, steam for heating, and in the third place, for the laundry, of which an enormous amount is required, and in the steam chambers for disinfecting.

The CHAIRMAN. How old a plant is that?

Dr. CUMMING. I should say it was built as near as I could put it in the eighties or nineties sometime. The boilers are in awful shape.

Dr. CREEL. The boilers were all secondhand when purchased. While they are supposed to have four 100-horsepower boilers, they can not raise steam for more than one-quarter of that amount.

The CHAIRMAN. What have you to say as to the barracks?

Dr. CUMMING. We need them very much.

The CHAIRMAN. Would you need to take 2,000 people there when they are sending a part of the immigration to Boston?

Dr. CUMMING. I think so, if the immigration keeps up. That is just one shipload nowadays.

The CHAIRMAN. What is your barrack's capacity at the present time?

Dr. CUMMING. 1,200. It depends a great deal on the sex. Its normal capacity of 2,000 does not mean 2,000 unless they are well divided as to sex.

The CHAIRMAN. Is that all the barrack capacity you had when you took over the station?

Dr. CUMMING. No, sir. We had previously loaned to the station an old hulk.

Dr. CREEL. We tried to use the *Lancaster*, an old hulk, but found it not well adapted for barracks in the winter.

The CHAIRMAN. Why not take two of the wood ships?

Dr. CUMMING. We took one and sent her up there. Unfortunately it turned over, and the State spent \$40,000 to straighten her up. It was not very successful. I have used them for years at Old Point Comfort, but it costs a great deal to keep them going.

Mr. BUCHANAN. We mean the new wooden ships.

Dr. CUMMING. They have a limited capacity and are not well adapted for barracks.

The CHAIRMAN. Is there not some place where you can put one on the land and get it out of the water?

Dr. CUMMING. That is what we tried to do, but she turned over.

Mr. BUCHANAN. They are floating now.

Dr. CREEL. The *Lancaster* is now embedded in the mud.

Mr. BUCHANAN. No; they are floating now all right.

Dr. CREEL. We would have to dredge out a big channel and the cost of putting the hull on the land would be tremendous.

Dr. CUMMING. I lived on one three years at Fort Monroe and she broke loose one night and drifted out to sea. Then, getting a second-hand hull from the Navy or the Army, we tried that; it does not work. You could not get the capacity. They are not well adapted for administrative purposes and the upkeep is tremendously expensive.

The CHAIRMAN. You figure that barracks for 2,000 will cost \$300,000?

Dr. CUMMING. Yes, sir. That is what the architect figures.

The CHAIRMAN. What will it be built of?

Dr. CUMMING. Of hollow tile, possibly, about the cheapest construction.

The CHAIRMAN. One story?

Dr. CUMMING. No, sir; two stories. The amount of the land is limited; that is an artificial island.

The CHAIRMAN. How much land did you get there?

Dr. CUMMING. About 10 acres on Hoffman Island.

Dr. CUMMING. And half of that on Swinburn Island.

The CHAIRMAN. About 15 acres all told?

Dr. CUMMING. We also got a wonderful piece of land on Staten Island of 7 acres.

The CHAIRMAN. What are you doing with that?

Dr. CUMMING. It has all the machinery for administration, the laboratories, etc., quarters for boarding officers, attendants on tugs, and the docks are located there. It is just inside The Narrows.

The CHAIRMAN. How long will it take to build this barracks?

Dr. CREEL. All of six months.

Dr. CUMMING. It is hard to say. It should be built in a few months under present conditions, I expect.

The CHAIRMAN. If you build anything of this kind you will take it up with the Shipping Board to see if you can not use some of the material which they have on hand, hollow tile, etc.?

Dr. CREEL. If you would provide for the transfer of the material from the Shipping Board to the Supervising Architect.

The CHAIRMAN. You might take that up and see what they have that you can use.

Dr. CREEL. Yes, sir.

#### FOR REMODELING ENGINE HOUSE AND LAUNDRY EQUIPMENT.

The CHAIRMAN. For remodeling engine house, \$20,000, and laundry equipment, \$26,000?

Dr. CUMMING. They are needed pretty badly.

The CHAIRMAN. You figure that you need \$740,200 all told for improvements at the New York quarantine station?

Dr. CUMMING. Yes, sir; that is the estimate of the architect. We simply furnish him with a statement of the facilities needed, and he makes an estimate as to the cost.

The CHAIRMAN. How about the receipts at this station?

Dr. CREEL. As to the receipts, we have record of only one month's operation, and that was \$118,000 for the month of March.

#### RECEIPTS AND EXPENDITURES.

The CHAIRMAN. What was the total expense of administration?

Dr. CREEL. \$63,000 for the month of March.

The CHAIRMAN. You have, then, approximately \$60,000 profit a month?

Dr. CREEL. According to the March operations. Whether it will continue at that rate I do not know.

The CHAIRMAN. If these additional facilities are given you, will it permit you to take in additional receipts?

Dr. CREEL. If we had had barracks for 2,000 more people in the month of March, we probably would have made \$25,000 or \$30,000 additional profit.

The CHAIRMAN. Do you charge for the barracks itself?

Dr. CREEL. We charge for the housing and feeding of the immigrants.

The CHAIRMAN. What do you charge per bed?

Dr. CREEL. There is no separation as between the two items. We charge so much per day and that includes the housing and feeding.

The CHAIRMAN. What is that charge?

Dr. CREEL. I can answer that question in the record; I have not that information here; \$2 per diem for adults; \$1.50 per diem for children of less than 12 years.

The CHAIRMAN. How about April?

Dr. CREEL. We have not those figures in the bureau as yet.

The CHAIRMAN. They are available in New York?

Dr. CREEL. Yes, sir. To get the information for the month of April, we will have to telegraph or telephone. It may be available in a day or so.

NOTE.—Expenditures and receipts for the month of March for the New York quarantine station have not been received at the bureau but have been telephoned for, and as soon as received will be forwarded to the clerk of the Appropriations Committee for insertion in the record.

Dr. CUMMING. I have a board of officers looking into that situation

Mr. CANNON. Does the immigrant pay for that?

Dr. CUMMING. The steamship company pays for that. I imagine they get it out of the immigrant in the long run. The passage money is very high and they can well afford to.

Mr. BUCHANAN. Is there any reason why Boston should not pay the same fees as are paid at New York?

Dr. CREEL. There is no moral reason.

Mr. BUCHANAN. Is there any other reason why you should not collect the same fees at Boston as you collect at New York?

Dr. CUMMING. No, sir.

Dr. CREEL. The steamship companies do pay tonnage dues averaging \$1,500,000 yearly. I do not know just what service that is supposed to cover.

Mr. BUCHANAN. They pay the same tonnage dues in New York?

Dr. CREEL. Yes, sir; same rate as at other ports.

Dr. CUMMING. It is the general custom of the Government to charge only a reasonable fee at the quarantine station for such services as are charged for.

The CHAIRMAN. We had this matter up with you gentlemen a few days ago, and I imagine Congress would feel more disposed to do something to give relief to New York than it would to Boston and these other places, because there the service is more than paying for itself.

Mr. BUCHANAN. Do you think that the effect of this immigration bill, if it is enacted into law, will be to reduce the immigration?

Dr. CUMMING. I have heard that there would be along about 500,000.

Mr. BUCHANAN. In spite of the bill?

Dr. CUMMING. That is the estimate. Of course, statistics are not always reliable. All the letters that I get from people abroad, both from friends in England and from our people, indicate that there is going to be just as many people coming over here as Congress will let come.

Mr. CREEL. There will also have to be considered crews; last year there were on vessels coming into New York alone about 360,000, members of crews.

BALTIMORE QUARANTINE STATION—FOR ADDITIONAL DORMITORY AND BARRACKS, REPAIRS TO WHARF, EXTENDING LIGHTING, HEATING, AND SEWAGE SYSTEM, ETC.

The CHAIRMAN. You are asking for improvements at Baltimore quarantine station amounting to \$287,620. There is a large item of additional dormitory and barracks, \$157,500. How important is that station and why is it necessary to so enlarge it at this time?

Dr. CREEL. It is an important port of entry, but the operations have been very materially reduced since the war as well as during the war. Formerly they had quite a substantial number of immigrants and the North German Lloyd and the Hamburg American Line both ran vessels there. This service has not been replaced up to the present time but there is much agitation of the question and we assume that with the resumption of transatlantic travel Baltimore will get its share of the immigration, and this estimate was made for the purpose of putting the port in position so that when an infected vessel arrives we would be able to take care of it. We have dormitory space there for about 250 people. There are no facilities for adequate delousing and we estimate \$50,000 for that project.

Dr. CUMMING. Typhus until this last year or two, Mr. Chairman, was a thing we had all practically forgotten and did not think it would ever happen again, and that is the reason there are not adequate facilities for delousing and so on at some of these stations.

The CHAIRMAN. Your situation is not as bad at Baltimore as it is at New York?

Dr. CUMMING. No, sir; I would not think so.

The CHAIRMAN. New York is the worst one?

Dr. CUMMING. New York and Boston are both pretty bad, and of the two New York is the worst, I should say, by far.

Dr. CREEL. About 80 per cent of all the transatlantic travel comes to New York, I suppose.

The CHAIRMAN. Would any great injury result in declining this estimate as far as Baltimore is concerned at this time if some relief were given at New York and possibly Boston?

Dr. CREEL. Of course, in an emergency you can always remand vessels from one port to another, and that incurs the resentment of the State and city officials. For instance, they would say at Baltimore that they pay taxes and are entitled to the same quarantine facilities without prejudice to commerce as are provided for in New York and Boston. I am simply giving you the local attitude. From the general standpoint of economy and the best interests of the Government, we probably would not require but two stations on the whole Atlantic coast, but it would mean constant diversion of commerce from one port to another in order to treat infected vessels, with resulting protest, not only from the local communities and the State but also from congressional delegations.

The CHAIRMAN. That was the reason why New York State realizing the importance of having a large number of immigrants there made

provision for a quarantine station, and Boston did the same thing, and also Baltimore, and then after they did that they discovered it was a little expensive, and now they have unloaded the whole thing on the National Government. I am afraid the argument you have given here is one against Government ownership of these quarantine stations.

Dr. CREEL. Of course, the interest of New York is the interest of the Nation, Mr. Chairman. You can not segregate and isolate any local interest from the general interest of the country.

PHILADELPHIA QUARANTINE STATION—ADDITIONAL DORMITORY SPACE, ALTERATIONS TO WHARF, REMODELING HEATING PLANT, ETC.

The CHAIRMAN. I understand that. How important is the item for Philadelphia?

Dr. CUMMING. The Red Star Line used to handle a great many immigrants through Philadelphia. I used to be there to inspect them. There has been so much diversion and change in shipping now that we have to depend on what the shipping people tell us as to what is going to be the normal again. They have not really gotten back to normal, but there are a number of ships coming in there.

The CHAIRMAN. What is your dormitory space there now?

Dr. CREEL. The dormitory space is about 500 at Reedy Island.

The CHAIRMAN. And how much at Baltimore?

Dr. CREEL. I will insert that in the record. It is less than 500.

NOTE.—It is 250.

The CHAIRMAN. And to what extent are the dormitories occupied now at these two places?

Dr. CREEL. They are never occupied unless we have a ship in quarantine. At Philadelphia on three different occasions in February when we had infected ships, we did not have dormitory capacity and simply held the ship in quarantine. Unless you have dormitory facilities to take off all the passengers on a vessel, it serves no great advantage to take off only a part.

The CHAIRMAN. I suppose it is almost impossible to provide dormitory space at any of these quarantine stations that would enable you to take off all the passengers on all the ships, if all the passengers on all the ships were infected with some disease.

Dr. CUMMING. At the peak load; no, sir; we could not expect to do that.

Dr. CREEL. Our plans are based on one shipload as the maximum barracks capacity for Boston, one for Baltimore, and Philadelphia, and two for New York, and if the needs exceed that number, it is simply a question of holding up the ships.

Dr. CUMMING. In New York, you know, five or six ships frequently come in there in one day with immigrants, and I think it is reasonable if we have capacity for two of them. I think that is all we could be expected to have.

The CHAIRMAN. When did you take over the Philadelphia station?

Dr. CREEL. The Government established the Reedy Island station in 1893.

Dr. CUMMING. We had it and at the same time the State enforced quarantine inspection until two or three years ago, when the State abandoned quarantine administration.

The CHAIRMAN. They just abandoned their station and the Government did not buy it?

Dr. CUMMING. They leased it to us.

The CHAIRMAN. And you are still occupying that station?

Dr. CUMMING. Yes, sir.

The CHAIRMAN. So you have then all of the facilities that the State formerly provided together with the facilities which the Government had.

Dr. CUMMING. Yes.

Dr. CREEL. The Government station is at Reedy Island and the State station is at Marcus Hook, about 15 miles up the river. At Marcus Hook they have accommodations for about 500 passengers.

The CHAIRMAN. And what capacity have you at Reedy Island?

Dr. CREEL. Somewhat less than 400.

The CHAIRMAN. If you get this appropriation do you want to give up the Marcus Hook station?

Dr. CUMMING. That is a better place for boarding vessels than Reedy Island. We have to use it for boarding ships. Reedy Island is marshy and you have to keep tugs there to get ashore, and it is an expensive place to administer.

The CHAIRMAN. Where is it proposed to make this improvement?

Dr. CREEL. At Reedy Island. That is Government-owned land and Marcus Hook is not.

The CHAIRMAN. Then all this money would be expended at Reedy Island?

Dr. CREEL. Yes, sir.

Mr. CANNON. My recollection is, dating back a number of years ago, that one hand washes the other; that is to say, you have quite a surplus in this fund, have you not?

Dr. CREEL. In what fund, sir.

Mr. CANNON. You hold the ships responsible if they bring passengers there. Is there anything that the people at large in the United States have to pay out of the Treasury for quarantine. Do you not get that money from the steamship companies that bring these passengers in here?

Dr. CREEL. It is my impression, Mr. Cannon, that the tonnage dues probably would amply pay for all the quarantine charges. Those dues go into the General Treasury, but they are paid by the steamship companies and average well over one million yearly—\$1,700,000 in 1919.

Mr. CANNON. Precisely.

Dr. CUMMING. It used to go to the marine hospital service for taking care of American seamen, but in about 1899, I think it was, about the time of the Spanish-American War, it was turned back into the General Treasury, and from that time on we have had annual appropriations for that purpose.

Dr. CREEL. Then the steamship companies pay a head tax on all immigrants they bring in, and that, I understand, also goes into the General Treasury.

TUESDAY, MAY 10, 1921.

## BUREAU OF WAR RISK INSURANCE.

STATEMENT OF COL. R. H. HALLETT, ASSISTANT DIRECTOR  
IN CHARGE OF COMPENSATION AND CLAIMS.

## INCREASE IN LIMITATIONS ON SALARIES.

The CHAIRMAN. Colonel, do you wish to make a statement before the committee?

Col. HALLETT. Yes, sir.

The CHAIRMAN. You have an item which you would like to have inserted in the deficiency bill?

Col. HALLETT. Yes, sir.

The CHAIRMAN. Have you reduced it to writing?

Col. HALLETT. Yes, sir.

The CHAIRMAN. Please read it?

Col. HALLETT. Yes, sir. [Reading:]

*Provided*, That the third proviso of the paragraph making appropriation for the Bureau of War Risk Insurance contained in the act entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1922, and for other purposes," approved March 3, 1921, is hereby amended to read as follows:

*Provided further*, That no person shall be employed in the District of Columbia hereunder at a rate of compensation exceeding \$1,800, except the following: Three at not exceeding \$7,500 each, 9 at not exceeding \$5,000 each, 28 at not exceeding \$4,500 each, 36 at not exceeding \$4,000 each, 42 at not exceeding \$3,500 each, 49 at not exceeding \$3,000 each, 68 at not exceeding \$2,500 each, and 215 at not exceeding \$2,000 each.

The CHAIRMAN. In what respect does that modify the provisions of the legislative, executive, and judicial appropriation act?

Col. HALLETT. It adds to the various numbers in the various grades.

The CHAIRMAN. How much?

Col. HALLETT. It increases the number from 266 to 450. There are at the present time 502 employees drawing more than \$1,800 per annum. Under the legislative act for 1922, appropriating \$6,000,000, there will be required a reduction of 1,200 employees from what there are now. They have now about 5,700. In order to make that reduction and in order to successfully effect the consolidation of the district activities of the Public Health Service, which have been turned over to the bureau, and to cut out all of the duplications which have grown up by reason of the fact that there were two agencies working on the same proposition, it has been absolutely impossible to come down to the figures quoted in the other bill.

The CHAIRMAN. Can you tell us how many more this provision provides for at a salary in excess of \$5,000, etc., the various grades, put in a table?

Col. HALLETT. I have a complete statement that I should like to put in as a part of the exhibit.

The number employed at \$7,500 is the same, 3; the number employed at \$5,000 has been increased by 4, from 5 to 9; the number at \$4,500 has been increased from 16 to 28; the number at \$4,000 has been increased from 20 to 36; the number at \$3,500 has been increased

from 16 to 42; the number at \$3,000 has been increased from 26 to 49; the number at \$2,500 has been increased from 30 to 68; and the number at \$2,000 has been increased from 150 to 215.

The original figures would have necessitated an elimination of very nearly 50 per cent of the personnel which we have at the present time, drawing more than \$1,800, the administrative, professional, and export personnel, and if the present law is not amended, I believe personally, and I have had some 22 months' experience in the bureau, that the bureau is not going to be able to function. You are cutting out the most efficient part of the bureau. I do not believe that you will be able to accomplish this phenomenal cut of better than 20 per cent in the total personnel.

Mr. BUCHANAN. How do your administrative men provided for at the higher salaries compare with what you now have?

Col. HALLETT. It provides for 52 less than what we have now. It does not provide for any additional appropriation and every effort will be made to keep within the \$6,000,000 which was appropriated for the total fiscal year; it does not mean any additional appropriation.

Mr. BYRNS. I was not a member of the legislative committee, and I do not know just what was in their minds when they made that recommendation. I assume that they did it on the idea possible that the bureau was determining compensation and passing on cases so rapidly that probably they would not need so many during the year?

Col. HALLETT. Of course, I can not say way was in their minds. Before the estimates were prepared we believed that we had arrived at approximately the peak of the load. Experience has shown that we had not arrived at the peak of the load, and during the months of January, February, and March, 1921, we received more than 63,000 new claims for compensation. At the time that the original estimates were prepared the Public Health Service was furnishing to the bureau all of its medical personnel for work in the bureau itself. A change has been made in that and all the doctors have been turned over to the Bureau of War Risk Insurance, which has increased the professional personnel which the bureau has to look after.

The CHAIRMAN. Many of the officers formerly paid for out of the appropriation for the Public Health Service have been turned over to the War Risk Insurance Bureau?

Col. HALLETT. Of those carried in Washington there are approximately 65 to 70 employees.

The CHAIRMAN. Within these grades?

Col. HALLETT. Yes, sir.

Mr. BYRNS. They now go on your pay roll?

Col. HALLETT. They are now on our pay roll.

The CHAIRMAN. And are affected by this limitation?

Col. HALLETT. Yes, sir.

The CHAIRMAN. How about the field force?

Col. HALLETT. The field force is not affected—I am speaking now from my own personal judgment—by the limitation, for the reason that those in the field force will be paid out of the lump-sum appropriation for care, treatment, and hospitalization. However, it is per-



fectly possible that since they have been transferred to the rolls of the War Risk Insurance Bureau the comptroller may rule that the limitation, irrespective of where the funds come from to pay them, applies and affects those people in the field.

The CHAIRMAN. If the limitation affected the field force you have taken from all of those divisional officers then it would be necessary to close down?

Col. HALLETT. Yes, sir. I have added in this paragraph, "shall be employed in the District of Columbia," so as to preclude the possibility of that.

I should have stated that Col. Forbes was very sorry that a conference of various other agencies prevented his being here. He has secured the services of Maj. Wainer, of the War Department, who conducted the campaign of reduction and brought the personnel of the bureau down from something like 15,000 to its present figure of 5,700. Col. Forbes has secured Maj. Wainer's services on a loan from the Secretary of War to assist him in organizing the bureau so as to cut out duplications, make as many economies in personnel as possible, and at the same time to carry out the very big reduction of 1,200 that will be necessary in the Washington office.

The CHAIRMAN. Can you put into the record a table showing how many are employed at the present time by the Bureau of War Risk Insurance, the Public Health Service—do you also take over the Vocational Board?

Col. HALLETT. No, sir.

The CHAIRMAN. Then those two services at the varying rates from \$5,000 down?

Col. HALLETT. I do not know. We have not been able to get the figures from the Public Health Service with reference to the number in the field at the present time.

The CHAIRMAN. I am talking now about here in Washington. That is what you are talking about?

Col. HALLETT. Yes, sir; and also taking over the field force.

The CHAIRMAN. That amendment does not apply to the field work?

Col. HALLETT. No, sir.

The CHAIRMAN. Those drawing \$5,000 and \$4,500, how many of them at the present time are employed at these varying rates of pay?

Col. HALLETT. I think 502 is the total.

The CHAIRMAN. Of the Public Health Service and the Bureau of War Risk Insurance?

Col. HALLETT. Yes, sir. We took over the Public Health Service some two or three months ago.

The CHAIRMAN. Now, you reduce it to what number?

Col. HALLETT. Four hundred and fifty would be the total number employed.

#### SALARIES AND NUMBER OF DOCTORS TRANSFERRED FROM PUBLIC HEALTH SERVICE.

The CHAIRMAN. How many were transferred to your bureau from the Public Health Service?

Col. HALLETT. Two or three months ago between 65 and 70 were transferred.

The CHAIRMAN. At the time of the transfer how many did you have who were drawing rates of pay from \$5,000 to \$2,000?

Col. HALLETT. I should say it was somewhere between 475 and 500; I can not be accurate on that. We have reduced and are going to continue to reduce. These were all doctors who came over at the pay and allowances of from a first lieutenant to a major in the Army, because they were all commissioned officers. All of them were in the Reserves on active duty with the Public Health Service.

The CHAIRMAN. And now they become civilian employees?

Col. HALLETT. Yes, sir.

The CHAIRMAN. Have you reduced their compensation somewhat?

Col. HALLETT. Yes, sir; I think so with regard to their allowances; a small amount less perhaps.

The CHAIRMAN. I wish you would put in the record a statement showing just what you took over, the rates of pay that they were drawing then, and the rates of pay that they will draw under this reorganization.

Col. HALLETT. I will do so.

The following data is submitted herewith relative to medical doctors:

	Number of doctors.	Rate of annual compensation.	Total annual com- pensation.
Detailed from Public Health to Bureau of War Risk Insurance prior to Sept. 16, 1920.....	1	\$5,065.65	\$5,065.65
Do.....	1	5,250.00	5,250.00
Do.....	1	5,065.65	5,065.65
Do.....	1	5,034.50	5,034.50
Do.....	3	5,001.80	15,005.40
Do.....	1	4,500.50	4,500.50
Do.....	29	4,170.50	120,944.50
Do.....	1	4,170.00	4,170.00
Do.....	1	4,137.80	4,137.80
Do.....	1	4,099.30	4,099.30
Do.....	3	4,051.40	12,154.20
Do.....	2	3,850.00	7,700.00
Do.....	15	3,250.00	48,750.00
Do.....	11	2,890.00	31,790.00
Do.....	1	2,650.00	2,650.00
Total.....	72		276,917.50
Not transferred from the Public Health to this bureau on Sept. 16, 1920.....	1	5,250.00	5,250.00
Do.....	1	4,500.00	4,500.00
Do.....	5	4,170.50	20,852.50
Do.....	1	3,250.00	3,250.00
Do.....	1	2,890.00	2,890.00
Total.....	9		36,742.50
Transferred to bureau from Public Health Service Sept. 16 to Oct. 1, 1920.....	1	5,600.00	5,600.00
Do.....	5	5,000.00	25,000.00
Do.....	2	4,500.00	9,000.00
Do.....	12	4,200.00	50,400.00
Do.....	1	4,100.00	4,100.00
Do.....	16	4,000.00	64,000.00
Do.....	1	3,850.00	3,850.00
Do.....	1	3,500.00	3,500.00
Do.....	10	3,250.00	32,500.00
Do.....	3	3,000.00	9,000.00
Do.....	10	2,890.00	28,900.00
Do.....	1	2,650.00	2,650.00
Total.....	63		238,500.00

## FEES PAID FOR EXAMINATIONS.

Mr. CANNON. You have a good many people all over the country, here, there, and yonder, on your roll. Now, do you pay them a certain salary or do they get so much in the way of fees for every examination they make?

Col. HALLETT. Most of those that you speak of are on a fee basis. They get from \$3 to \$5, I think, for an examination. Most of them receive \$3 per examination.

Mr. CANNON. I do not know just what pay they get in the Pension Bureau, but I do not think they get as much as \$3.

Col. HALLETT. I think they get more. They have a board of three examiners, as I remember it.

Mr. CANNON. That is in the office at Washington.

Col. HALLETT. No; in the field.

Mr. CANNON. I mean in the field.

Col. HALLETT. Yes, sir. I think they average considerably more than that for each examination.

Mr. CANNON. I do not know how it has been with you with regard to the service that was rendered in the examinations, where they wanted to know the physical condition of the applicant and what caused it. Now, these places on the board of three were greatly sought after, and I think they would have been sought after even with lower fees.

Col. HALLETT. Of course, we have only taken this over very recently, with the result that I can not give you any very thorough report or study of it.

Mr. CANNON. That is, the Public Health Service.

Col. HALLETT. They used to be there. This is under the Bureau of War Risk Insurance.

Mr. CANNON. You do not interfere with the Pension Office at all?

Col. HALLETT. No, sir.

The CHAIRMAN. Did you take this matter up with Mr. Wood, the chairman, and other members of the subcommittee on the legislative, executive, and judicial appropriation bill?

Col. HALLETT. I had a long talk with Mr. Wood on Saturday, and he suggested this procedure. I have seen him this morning and I gave him a copy of this statement and a copy of the proposed bill. He suggested that I come right over here to see the committee. While he did not specifically say that he was in favor of it, he gave me to understand that perhaps they had been too drastic in their figures, particularly in view of the changed circumstances.

The CHAIRMAN. I understand that since that bill was drafted, this consolidation has been brought about.

Col. HALLETT. Yes, sir.

The CHAIRMAN. And you have taken over quite a number of high-salaried employees who were formerly paid out of another appropriation.

Col. HALLETT. We have taken them, but these will not be paid out of this appropriation for the most part. There will be a very small number.

The CHAIRMAN. How many?

Col. HALLETT. Not more than from 5 to 10.

Mr. BUCHANAN. Did you say that their salaries ranged from the pay and allowances of a lieutenant to those of a major in the Army?

Col. HALLETT. From a lieutenant to a major. I do not know that any of these that were taken over recently were as low as a lieutenant, but at least five of them came within the provision of \$1,800.

Mr. BUCHANAN. What is the pay of a major?

Col. HALLETT. It is pretty close to \$4,000. I think it is \$4,000.

PERSONNEL TO BE RETAINED AND REDUCTION NECESSARY BY  
JULY 1, 1921.

I would like to have this statement and table inserted in the record.  
(The statement and table referred to are as follows:)

MAY 9, 1921.

Hon. JAMES W. GOOD,  
*Chairman Committee on Appropriations,  
House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: I desire to invite your attention and the attention of the members of your committee to certain vital matters in connection with an act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1922, as such act affects the future work of the Bureau of War Risk Insurance, and the carrying out of the established obligation of the Government to ex-service men and women and their dependents.

The appropriation to the Bureau of War Risk Insurance for salary expenditures is \$6,000,000 or \$2,500,000 less than was appropriated for the present fiscal year for the same purposes. This will necessitate a reduction of approximately 1,200 employees, which can be accomplished only by the exercise of careful management and supervision. It will therefore be necessary to retain as far as possible the services of those who are fully conversant with the activities of the bureau and with the methods adopted in accomplishing the very material reduction in personnel that has recently been accomplished, viz, from over 15,000 to 5,700.

The appropriation contains, however, a limitation which will very materially affect the operation of the bureau at large and seriously handicap the successful reduction of personnel which will be necessary, as already pointed out. The limitation referred to is as follows:

3 employees not exceeding.....	\$7,500
5 employees not exceeding.....	5,000
16 employees not exceeding.....	4,500
20 employees not exceeding.....	4,000
16 employees not exceeding.....	3,500
26 employees not exceeding.....	3,000
30 employees not exceeding.....	2,500
150 employees not exceeding.....	2,000
Total, 266 employees.....	

There are at the present time 502 persons in the bureau drawing salaries of more than \$1,800, distributed as follows:

Administrative:	
Director.....	1
Assistant director.....	4
Assistant to director.....	6
Secretary to director.....	1
Chief of division.....	5
Assistant chief of division.....	4
Executive officer.....	8
Manager of subdivision.....	10
Assistant manager of subdivision.....	10
Chief of section.....	57
Assistant, and assistant to, etc.....	40
Total.....	146

## Technical or professional:

Accountant.....	2
Associate counsel.....	17
Claims examiner.....	126
Claims reviewer.....	35
Dental referee.....	14
Insurance consultant.....	1
Medical examiner.....	1
Medical referee.....	68
Medical reviewer.....	9
Legal reviewer.....	6
Total.....	279

## Special clerical:

Auditing clerk.....	1
Correspondents.....	4
Examining clerks.....	2
Field examiners.....	21
Field representatives.....	38
Pierce accounting-machine expert.....	1
Reviewing clerks.....	2
Searchers.....	2
Secretaries.....	3
Teller.....	1
Translators.....	2
Total.....	77

Grand total positions paying over \$1,800 per annum..... 502

The limitation will therefore require the elimination of 236 persons from those drawing more than \$1,800, or very nearly 50 per cent of the administrative officers and highly trained technical staff, upon which the bureau must rely for its successfully carrying out of the many activities charged to it. At the time the original estimates were submitted to Congress it was believed that the peak of the load, so far as the claims of the disabled were concerned, had been reached, and the Public Health Service was furnishing the medical personnel to the bureau for its use in Washington. Since that time the medical personnel in Washington has been taken over by the bureau and added to its professional staff. It has also been conclusively proved that the peak of the load had not been reached as shown by the fact that during the months of January, February, and March, 1921, more than 63,000 new claims were filed, more than during any other three months of the bureau's history.

As a result of most careful investigations it has recently been deemed not only advisable but absolutely necessary to transfer the activities of the United States Public Health Service in the field, other than the administration of the hospitals, to the Bureau of War Risk Insurance. This was done by my order of April 19, 1921, and the work of consolidation, reorganization, and elimination of all duplicate endeavor is now being pushed to the utmost. It is hoped and confidently expected that this consolidation will result in a very great saving to the Government if it can be accomplished speedily and successfully. To do this, however, will require full use of all of the executive and administrative experience in the bureau, as well as the legal and medical. It is clear therefore that any material disruption of the trained staff of the bureau will very seriously endanger the success of the bureau's efforts looking to these very necessary economies.

It is most respectfully and urgently requested, therefore, that the limitations in question be altered as follows:

3 employees not exceeding.....	\$7,500
9 employees not exceeding.....	5,000
28 employees not exceeding.....	4,500
36 employees not exceeding.....	4,000
42 employees not exceeding.....	3,500
49 employees not exceeding.....	3,000
68 employees not exceeding.....	2,500
215 employees not exceeding.....	2,000

Total, 450 employees.

You will notice that these total 450 persons, a reduction of 52, which it is believed can be accomplished.

This request will not require any additional appropriation, but, on the contrary, as has been pointed out, will result in eventual economies. It is not requested that the limitations be removed entirely nor that the specific grades be changed, although the retention of both will require an extensive readjustment program. Nor is it believed that the figure of 450 will be permanent, for during the reduction of the personnel in general a proportion of them will of necessity be among the limited class.

But during this formative period when there is so much at stake not only to the disabled man, but to the Government itself, it is certain that no greater reduction of this particular class of employees than that involved in the request could be expected with any safety.

I have had prepared and am submitting for your consideration a draft of a clause which I respectfully request be added to the deficiency bill now under consideration.

A copy of this letter has been sent to Hon. Francis E. Warren, chairman Committee on Appropriations, United States Senate, Washington, D. C.

Respectfully,

\_\_\_\_\_, Secretary.

*Final divisional allotment—Personnel to be retained and reduction necessary by July 1, 1921.*

Division.	Personnel, Apr. 13, 1921 (base).					
	Over \$1,800.		\$1,800 or less.		Total.	
	Em- ploy- ees.	Aggregate annual salary.	Em- ploy- ees.	Aggregate annual salary.	Em- ploy- ees.	Aggregate annual salary.
Allotments and allowances.....	9	\$22,500.00	436	\$581,000.00	445	\$603,500.00
Chief clerk's.....	16	39,570.00	381	459,900.00	397	499,470.00
Compensation and insurance claims.....	175	371,830.00	752	981,700.00	927	1,353,530.00
Director's office.....	8	33,750.00	153	206,098.00	166	239,848.00
Finance.....	17	47,410.00	408	526,960.00	425	574,370.00
Insurance.....	51	123,510.00	1,889	2,401,700.00	1,940	2,525,210.00
Invalid field service.....	64	156,450.00	165	236,600.00	229	393,050.00
Legal.....	31	95,570.00	71	93,720.00	102	189,290.00
Liaison.....	11	29,630.00	96	128,110.40	107	157,740.40
Marine and seamen's.....	1	1,920.00	4	5,220.00	5	7,140.00
Medical.....	100	368,310.00	445	572,880.00	546	941,190.00
Personnel.....	6	16,280.00	91	123,900.00	97	140,180.00
Receipts and disbursements.....	11	27,720.00	358	447,160.00	369	474,880.00
Bureau total.....	500	1,334,460.00	5,255	6,764,948.40	5,755	8,099,408.40

Division.	Personnel to be retained during fiscal year 1921-22.					
	Over \$1,800.		\$1,800 or less.		Total.	
	Em- ploy- ees.	Aggregate annual salary.	Em- ploy- ees.	Aggregate annual salary.	Em- ploy- ees.	Aggregate annual salary.
Allotments and allowances.....	5	\$13,000.00	357	\$479,280.00	362	\$492,280.00
Chief clerk's.....	8	21,000.00	312	380,280.00	320	401,280.00
Compensation and insurance claims.....	93	197,500.00	615	811,220.00	708	1,008,720.00
Director's office.....	4	18,000.00	129	170,470.00	133	188,470.00
Finance.....	9	25,000.00	334	435,730.00	343	460,730.00
Insurance.....	27	65,500.00	1,546	1,985,100.00	1,573	2,050,600.00
Invalid field service.....	34	83,000.00	135	195,740.00	169	278,740.00
Legal.....	17	50,500.00	58	77,950.00	75	128,450.00
Liaison.....	6	16,000.00	79	105,410.00	85	121,410.00
Marine and seamen's.....	1	2,000.00	3	2,900.00	4	4,900.00
Medical.....	53	193,500.00	365	475,640.00	418	669,140.00
Personnel.....	3	8,500.00	74	102,460.00	77	110,960.00
Receipts and disbursements.....	6	15,000.00	293	369,340.00	299	384,340.00
Bureau total.....	266	708,500.00	4,300	5,591,500.00	4,566	6,300,000.00

<sup>1</sup> The bureau appropriation for salary expenditure, exclusive of the field force, is \$6,000,000 for the fiscal year 1921-22, and to this amount there is added an estimated salary expenditure for field employees of \$30,000 from the separate field appropriation, making a total of approximately \$6,300,000 available.

Final divisional allotment—Personnel to be retained and reduction necessary by July 1, 1921—Continued.

Division.	Reduction necessary by July 1, 1921.					
	Over \$1,800.		\$1,800 or less.		Total.	
	Em- ploy- ees.	Aggre- gate annual salary.	Em- ploy- ees.	Aggre- gate annual salary.	Em- ploy- ees.	Aggre- gate annual salary.
Allotments and allowances.....	4	\$9,500.00	79	\$101,720.00	83	\$111,220.00
Chief clerk's.....	8	18,570.00	69	79,640.00	77	98,210.00
Compensation and insurance claims.....	82	174,380.00	137	170,480.00	219	344,860.00
Director's office.....	4	15,750.00	29	35,628.00	33	51,378.00
Finance.....	8	22,410.00	74	91,230.00	82	113,640.00
Insurance.....	24	58,010.00	343	416,600.00	367	474,610.00
Invalid field service.....	30	73,450.00	30	40,860.00	60	114,310.00
Legal.....	14	45,070.00	13	15,770.00	27	60,840.00
Liaison.....	5	13,630.00	17	22,700.40	22	36,330.40
Marine and seamen's.....	.....	—80.00	1	2,320.00	1	2,240.00
Medical.....	47	174,810.00	81	97,240.00	128	272,050.00
Personnel.....	3	7,790.00	17	21,440.00	20	29,230.00
Receipts and disbursements.....	5	12,720.00	65	77,820.00	70	90,540.00
Bureau total.....	234	625,960.00	955	1,173,448.40	1,189	1,799,408.40

TUESDAY, MAY 10, 1921.

## BUREAU OF FISHERIES.

### STATEMENT OF MR. I. H. DUNLAP, CHIEF CLERK, BUREAU OF FISHERIES.

#### RESTORATION TO SERVICE OF STEAMERS "GANNET" AND "PHALAROPE."

The CHAIRMAN. This bill restores an item that was stricken out of the House bill for the force that has been doing work in connection with the fishery station at Woods Hole?

Mr. DUNLAP. One bill, H. R. 2066, refers to the Woods Hole boat and bill H. R. 4911 to the Boothbay Harbor boat.

The CHAIRMAN. I understand, that the Bureau of Fisheries came to the conclusion that the boat *Gannet* was not fit for service?

Mr. DUNLAP. No; that was not the *Gannet*. There was a third one, the *Osprey*, a crew for which is not provided.

The CHAIRMAN. How did it come that the chief of the bureau advised the Senate committee that you could get along without this boat?

Mr. DUNLAP. We were very anxious to have an appropriation for the demonstration of improved methods of preparing fish for the table in order to increase and develop the use of western fishes. We wanted \$15,000 for that. That was in the estimates as submitted. We also wished the position of chief fish technologist, at \$3,000. In the Senate committee, as I understand, the commissioner was told that our appropriation could not be increased; that if there was anything that could possibly be done away with—I might submit that letter [indicating] in answer to your question.

The CHAIRMAN. This is the letter that you wrote to Hon. W. L. Jones, of the Committee on Appropriations in the Senate?

Mr. PUTNAM. Yes, sir.

The CHAIRMAN. In that letter you say:

JANUARY 15, 1921.

Hon. WESLEY L. JONES,

*Committee on Appropriations, United States Senate.*

SIR: In pursuance of the suggestion made by you on the occasion of the hearing on estimates of the Bureau of Fisheries before the Senate Committee on Appropriations on January 14, I beg to advise that we have carefully looked into the matter and believe that, as a temporary measure, it may be feasible to make the following reductions in the appropriations for this bureau for the fiscal year 1922, as embodied in the sundry civil appropriation bill as passed by the House of Representatives:

Steamers *Osprey*, *Gannet*, and *Phalarope*. Omit appropriations for salaries of statutory crews, aggregating \$17,250.

One of these vessels, the *Osprey*, is not suited for the present needs of the bureau, is not in serviceable condition, and has been condemned. The other two have been rendering good service, are not in any sense superfluous, and are required, for the proper conduct of the bureau's work. Taking into consideration, however, the present high cost of maintenance and operation of steamers and the inadequacy of the appropriation for the maintenance of vessels, it will be expedient and necessary to curtail their activities for the next year or two. When absolutely required it may be possible to operate these steamers by means of temporary crews detailed from time to time from the regular forces of the fish-cultural station. Later on, when business conditions improve, it will be desirable to again supply these vessels with a permanent personnel.

The regular crews now on these vessels will be absorbed as vacancies occur on other vessels, at stations, or in other maritime services of the department, and it is believed that no injustice or hardship will be inflicted on any individuals.

As an offset to the reductions thus effected, it is urged that the following items be provided for in the bill:

Chief fishery technologist (new position), \$3,000.

Demonstrations in fish cookery: For the conduct of demonstrations and the imparting of instruction in correct, cheap, and wholesome methods of preparing and cooking fish, including the payment of salaries and traveling expenses and the purchase of materials and supplies, \$15,000.

Very respectfully,

H. M. SMITH, *Commissioner.*

Mr. DUNLAP. Incidentally, they were not provided.

The CHAIRMAN. No. The Senate eliminated those three?

Mr. DUNLAP. The Senate committee eliminated those three crews; yes, sir.

The CHAIRMAN. And it is the intention of these two bills to reinstate them?

Mr. DUNLAP. Yes, sir.

The CHAIRMAN. Do you want them reinstated?

Mr. DUNLAP. We can use those men; yes, sir. As we say in that letter, we shall provide for them in some way, but not having received the other appropriation, we should like to get the men.

The CHAIRMAN. The two are not connected?

Mr. DUNLAP. They are both functions of our bureau.

The CHAIRMAN. I understand that.

Mr. DUNLAP. I think the Senate committee, as I understand it, considered the aggregate appropriation for the bureau, without taking into consideration the subheads.

Mr. BUCHANAN. You expected to trade this appropriation for the other appropriation?

Mr. DUNLAP. Yes, sir.

Mr. BUCHANAN. And the Senate eliminated this and did not give you the other?

Mr. DUNLAP. Yes, sir; exactly.

The CHAIRMAN. Does that justify the return of these, even though you did not get those?



Mr. DUNLAP. We should have put them in our estimates next year. These boats are needed and their personnel is needed in our work, and, as the commissioner states in his letter, we will be very much handicapped this coming year.

The CHAIRMAN. As I understand, it is through the use of this boat that you plant the fry from this hatchery, is it not?

Mr. DUNLAP. We use the boat at Woods Hole for that purpose and for biological work and hydrographic work.

The CHAIRMAN. What would you do with the fry if you did not have the boat?

Mr. DUNLAP. The only thing we could do would be to put the boat in commission when needed for planting fry. She would be without her regular crew, and in the limited time in which we could use her it would be possible to use her without one; we would have to do as stated in the letter, put on a temporary crew that we would take off the station or hire for the occasion.

The CHAIRMAN. Do you not need a crew all the year round for those boats?

Mr. DUNLAP. If run to our limit we do; yes, sir.

The CHAIRMAN. That is one of the methods that the Senate felt would be a test of whether you needed all the force that had been provided for?

Mr. DUNLAP. As I understand the question put up to us it was "What can you do without, with the least detriment to the service?"

Mr. BYRNS. You are in this attitude, if you will pardon me: You were told by the committee to state what you could get along without, what reduction you could make with least injury to the service, and you therefore dropped what you considered the least important and took the items of greater importance. You failed to get an appropriation for the activity that you considered to be of the greatest importance, and having failed to do that, you are asking here for the item that you considered of the least importance?

Mr. DUNLAP. These bills were not submitted by the bureau.

The CHAIRMAN. Are both of these bills of equal importance?

Mr. DUNLAP. Yes, sir.

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TUESDAY, MAY 10, 1921.

**STATEMENT OF HON. W. H. WHITE, JR., A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF MAINE.**

**RESTORATION TO SERVICE OF STEAMER "GANNET."**

The CHAIRMAN. Mr. White, there has been referred to this committee the bill, H. R. 4911, introduced by yourself, providing for an appropriation for the steamer *Gannet*, of the Bureau of Fisheries, for next year.

Mr. WHITE. Mr. Chairman, as I understand, it provides for the amount that was carried in the sundry civil bill for the same purpose, when it was reported by this committee to the House in the last session, and which was passed by the House. I do not just exactly understand how it came to be dropped subsequently, but it was, and the first information I got was when I heard from Maine of it.

The CHAIRMAN. It was dropped, Mr. White, because the Bureau of Fisheries wrote a letter to Senator Jones asking that there be incorporated an item for the investigation of fisheries and if that item was included three steamers could be provided for next year.

Mr. WHITE. In other words, Mr. Chairman, the chief of the bureau recommended that an appropriation for practical purposes be dropped for one covering investigational, experimental, and scientific work.

I have not been able to find my full files on this subject because my secretary is not in the office, but I found this letter. It says:

It is a fact that the only Government marine hatchery in the State of Maine will be practically helpless without a boat.

We are at the present time catching flounders, and the most of our supply of fish comes from Casco and Penobscot Bays. Without a steamer next winter this work will be cut to less than one-half of its regular number of fish. If we are to have an aquarium at this station the coming summer—

Which they have maintained there for some time—

that also will necessarily be less effective as the *Gannet* usually gets the most of the supply of fish anywhere between Rockland and Portland, Me.

That appropriation for this steamer has been carried for a number of years and that hatchery has been doing a useful work all through these years. It has been engaged in fish propagation and cultural work generally and it has been the great lobster hatchery on the Maine coast. If something is not done, some effective work in the conservation and propagation of lobsters, you are going to see the lobster in the course of a few years become commercially extinct on the Atlantic coast. This boat and this equipment are absolutely necessary for the efficient maintenance and operation of the propagation activity and other work at the station. In my judgment, there is absolutely no justification for dropping out a useful appropriation for something that is purely speculative.

The CHAIRMAN. How frequently does this vessel make trips?

Mr. WHITE. I can not tell you anything about that, Mr. Chairman. She has been maintained and used for a number of years in this work. I think she has been deemed necessary to the service for all of 17 years and I do not know how much longer.

The CHAIRMAN. I was rather led to believe from the letter he wrote that these vessels did not make cruises or were not sent to sea except periodically, and for the periodical work required of the vessels they could pick up a crew or take on a crew from their other forces.

Mr. WHITE. They have to have a vessel.

The CHAIRMAN. If it is a fact that you have a crew lying around there doing nothing nine-tenths of the time, then you do not need the money.

Mr. WHITE. I wrote to Dr. Smith for an explanation of why that appropriation was omitted, and he says here:

I beg to advise you that the elimination of the crew of the *Gannet* from the appropriations for the next fiscal year was due to a combination of circumstances for which the bureau was not entirely responsible.

Well, the bureau was responsible, because it traded them out, to speak plainly about it.

It is perhaps unnecessary to go into the details of this matter, but I would like you to know that it is our intention to place the men of the *Gannet* in other positions.

So he is not saving money according to this statement. He is eliminating the services of a boat which through a series of years the bureau has thought necessary and advantageous in the work of this hatchery at Boothbay Harbor.

Mr. BYRNS. You want the boat more than you do the employees.

Mr. WHITE. I want them both.

Mr. BYRNS. You will have to have the employees in order to get the boat.

Mr. WHITE. If I had known this matter was coming up I would have prepared to discuss it in detail, but these are the outstanding facts about it. Mr. Walsh knows the situation there on the coast, and I would like for you to listen to him.

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TUESDAY, MAY 10, 1921.

**STATEMENT OF HON. JOSEPH WALSH, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF MASSACHUSETTS.**

**RESTORATION TO SERVICE OF STEAMER "PHALAROPE."**

The CHAIRMAN. Mr. Walsh, what have you to say about this situation?

Mr. WALSH. Mr. Chairman and gentlemen, I am interested in an appropriation for the steamer *Phalarope* at the Woods Hole station. This is a boat that has been there, I think, for some 18 or 20 years. She was turned over to the Navy during the war and after that was put in very good shape. She has been used not only at the Woods Hole station but every spring for many years has made a trip to Bryans Point in the Potomac River to engage in the shad work. I do not know whether they sent her down there this spring or not, I think possibly not, but the boat is used not only for the practical work of that station but for the scientific force in the summer. That station is both a hatchery and a scientific station. It is the largest scientific fisheries station, probably, in the United States with the possible exception of the activities carried on at Beaufort, and as Mr. White has said, there has been a great slacking off of the practical work of the Fish Commission, particularly during the past few years. The hatching has dropped off, and I doubt if they hatch any lobsters at Woods Hole now, but the fishermen in that vicinity are very anxious that it be resumed because they saw the benefits of it. I worked on this vessel frequently when I had the honor to be an employee of the Fish Commission, as it was then known, and I know the work it did. It was used to gather up eggs and plant fry. It went off on expeditions with parties of scientists to gather material for their scientific work.

The present Commissioner of Fisheries was formerly the deputy commissioner, and Mr. Bowers, the gentleman from West Virginia, was the Commissioner of Fisheries, and I think it was during his administration that this vessel at Woods Hole was purchased. You can not carry on the practical work in my judgment either at the Boothbay station or at the Woods Hole station or at Gloucester or at any of the marine stations without a vessel or steamer of this sort,

because many of these trips have to be made out in the open water; not necessarily out in the ocean but out in the open water, and they need a steamer for that work and have always needed one. It may be that at Woods Hole they felt that another institution run under private auspices, which has a steamer of its own, might afford transportation for some of these scientists, but it does not afford any facilities for the hatchery and for the hatching work. They hatch there codfish and flounders, and I think they have tried to hatch some other varieties there, but the lobster work has practically ceased there the past few years. What the Bureau of Fisheries needs, I believe, is the insistence, supported by the sentiment of the various sections, that they resume this hatching work, which does help the fisheries. Lobsters around the waters of Massachusetts are getting fewer and fewer each year. We have come to depend for our supply of lobsters for the market outside of the few we get from Maine, and they are getting fewer, I think, on the supply from Nova Scotia.

Mr. WHITE. If I may interrupt there, the catch in Maine is only one-third of what it was 25 years ago.

Mr. WALSH. The fishermen at one time were inclined to belittle the efforts of the National Government in hatching lobsters and in hatching codfish and these other fishes, but they have come to recognize that since they have dropped off this work the supply is diminishing. Of course, I know that you gentlemen are not moved by sentimental reasons, but there are two gentlemen on that steamer who have been in the Fish Commission, I think one of them for over 30 years, and he is dropped off without warning, simply because the bureau felt that they would like to engage in some scientific work on the Pacific coast, and when informed that they must curtail their expenses somewhere else, they eliminated these three steamers. Now, there is nothing that has happened in the situation with reference to the desirability of conducting practical work either in Massachusetts or in Maine or in any other marine station which could lead the Fish Commissioner to terminate the use of these steamers in any such manner as this. The *Osprey* is in a different class. That vessel, I believe, has been condemned and is not seaworthy, but these other two vessels, the *Gannet* and the *Phalarope*, particularly the latter, have been put in very good condition. I talked with the captain of the *Phalarope* when I was home during the recess, and asked him particularly about that, and he said that she was in very good condition.

If there was no proper use for her, I would not be urging the restoration of this appropriation, but, Mr. Chairman and gentlemen, if the Fish Commission, either under its present administration or if there are to be some new officials, does not undertake more of this practical work as related to marine matters, you might just as well dispense with the marine stations entirely, because they have demonstrated their value. Now, we all admit that their trout, bass, and salmon work and their other work at their inland stations is valuable but you can not show the results so concretely in the case of the marine stations because the fry which they plant is distributed and carried over such a wide area. They are planted out in the open sea and not in lakes and ponds and streams, but if you take the consensus of opinion of the fishermen up and down the Maine, Massachusetts, and

Rhode Island coasts and along Long Island, I think you will find they have all come to appreciate that the lobster hatchery, in particular, is going down hill as a result of the slacking up of operations on the part of the Bureau of Fisheries, and I believe it would be perfectly proper, when this committee comes again to make up the sundry civil bill to look carefully into the vast sums of money they are expending for scientific purposes as compared with the sums available for practical and useful work.

They have got a marine biological laboratory at Woods Hole, which in a sense is a branch of the Chicago University. They have a couple hundred students there; some of them are professors in colleges, and they come from all over the world and conduct their experiments there. Some of them pay to attend that institution, and they have the advantage of cooperating with the Bureau of Fisheries, which has its own scientific force, and they have instructors from different universities and colleges, and also students; and my observation has been that a great deal of the scientific work carried on by the Government is going over the same grounds. I appreciate that perhaps that may be necessary in order to carry the experiments to the fullest stage of development, but what I would like is to see the Bureau of Fisheries undertake some efforts again to carry on the lobster hatchery in particular.

Mr. BUCHANAN. In that connection, when they were carrying on the practical breeding of lobsters, have you any record as to how many they put out?

Mr. WALSH. It was up in the millions, sir. The fishermen catch the lobsters with the eggs attached underneath. They take and remove the eggs and place them in the hatchery, and when the water reaches a certain temperature it takes a certain number of days for them to hatch, and then they are kept a short time and then liberated. You estimate the number of eggs by measuring by inches, and so many inches means so many ounces of eggs.

Mr. BUCHANAN. The reason I asked the question was in order to know whether or not the number distributed justified the appropriation.

Mr. WHITE. I have somewhere, if I had the time to put my hand on it, very complete data on this lobster hatchery at Boothbay, as to the number of eggs that have been hatched through a series of years, etc., but I did not know just where it was in my files at this time.

Mr. WALSH. Of course the amount available for the lobster hatchery is apportioned by the commissioner from the sum which he is allowed for the propagation of food fishes. They allot that appropriation to the various stations, and in the old days they used to put on extra help there for lobster-hatching work.

Mr. BUCHANAN. The question in my mind was if they were hatching them or breeding them to such a great extent, why are they quitting that work?

Mr. WALSH. It is my opinion that they overemphasized the importance of the scientific work and permitted that to outweigh the practical work which they were doing. Our State hatchery is carrying on that work to a considerable extent, but they have not a big marine station with the facilities that they have at the Federal fish station. They also did carry on that work at the State hatchery of Rhode

Island. I am very anxious to see that this station is once more put at work on practical hatchery lines and that they have this needed facility.

I thank you, Mr. Chairman.

Mr. WHITE. May I say just one word more, Mr. Chairman. I would like, if I may, to read just one sentence into the record from this letter.

The CHAIRMAN. That is already in the record.

Mr. WHITE. Let me call your attention to what he says here:

The other two—

Referring to the *Gannet* and this Massachusetts boat—

have been rendering good service and are not in any sense superfluous and are required for the proper conduct of the bureau's work.

Then I have a letter here from a man who was on our sea and shore fisheries commission in Maine—I do not know whether he is now or not—and I would like to quote this sentence from his letter:

I am unable to see how the hatchery can continue to operate without the boat in continuous service or at least ready for service when needed.

I can not add anything more to what Mr. Walsh has already said about the matter.

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MONDAY, MAY 9, 1921.

## SHIPPING BOARD.

### STATEMENTS OF ADMIRAL W. S. BENSON, CHAIRMAN, MR. A. TWEEDALE, GENERAL COMPTROLLER, AND COMMANDER R. D. GATEWOOD, DIVISION OF CONSTRUCTION AND REPAIR, UNITED STATES SHIPPING BOARD EMERGENCY FLEET CORPORATION.

#### GENERAL STATEMENT OF ADMIRAL BENSON.

The CHAIRMAN. Admiral Benson, you have some estimates here for a deficiency and also some supplemental estimates in the nature of appropriations for the next fiscal year. Would you care at this time to make a general statement with regard to the present situation, as you see it, in the Shipping Board and the Emergency Fleet Corporation?

Admiral BENSON. I think it would be well, Mr. Chairman, if I did give you a general outline of the situation. Of course, as the committee knows, while freights were high there was no difficulty in meeting the expenses of the Emergency Fleet Corporation, but early in 1920 it was quite evident that the rates would fall considerably, and in July they began to fall very rapidly. The situation was hastened by the action of our foreign competitors in cutting rates. The board took every possible means to meet this situation, keep up the rates as well as we could, until it became quite evident that action would have to be taken to meet the cuts that were being made in certain trade routes, particularly. This was done and then the general world situation produced a condition where the cargoes were reduced to almost nothing. Very little of our cotton, grain, and coal was going out of the country.

The competition became very keen. We kept the various trade routes supplied with ships and as fast as it was discovered on any particular route that we were losing money the number of vessels operating was reduced accordingly, and in making the reductions we took out the type of ship that was least efficient and laid it up. Instead of putting them at docks and paying wharfage, we put into operation the plan of mooring the ships in bunches in southern streams, particularly in Virginian waters where the ice is not so bad in winter, and putting a small number of men to look out for a whole bunch of ships, thereby avoiding the wharfage dues and also reducing the number of personnel. As a sample, particularly, in the wooden ships, they were at one time costing on an average of about \$2,500 a month. From the last report I got they were costing us about \$91 a month. They are down here now tied up in the James River about 35 or 40 miles above Newport News. I feel we have almost reduced that expense to a minimum, although I still hope to cut it down somewhat. Steel vessels are being handled on the same general principle, except that necessarily we are keeping enough of them in the various principal ports to meet any situation which may arise. Vessels that are tied up, as I said just now, are the ones that are least efficient or need repairs, so that we feel we have in operation the most efficient type of vessel for the various routes on which we are operating.

We have also eliminated as many operators as possible in order to reduce the overhead consequent upon a corporation or company operating a small number of ships with a big overhead. We have reduced the operators, I think, at least 50 per cent, or more than that, within the last year. I have very carefully investigated every phase of the organization, reduced personnel, and eliminated a great many abuses that were existing in regard to expenses; and taking it altogether, I feel it is not an exaggeration to say that we have been able to reduce the overhead of the organization approximately ten or twelve million dollars since I have been chairman of the board. We have been most careful in making our contracts for fuel. We feel we have reduced that very considerably. We have made contracts for all of our stores, so that we are practically supplying all of our ships with practically everything they get; all their equipment, food, paints, and everything we can possibly supply in large quantities. That system is now practically in operation all over the country. Wherever we have been able to reduce personnel we have done so. For instance, in the month of March I ordered an arbitrary reduction of 10 per cent for that month. I am still carrying that on, and I hope when we get into our new headquarters, which I expect will be this month, to make further reductions and keep pressure on that all the time.

#### WAGE SCALE OF MEN ABOARD SHIP.

Practically the last element in the problem that I attacked was the wage scale of the men on board ships. We had an agreement with the various organizations for a certain length of time. These agreements, all with the exception of that with deck officers, expired on the 1st of May or the 30th of April, and we began having conferences with them some months ago looking toward a readjustment of the wage scale and working conditions, and without very much

success. There was a feeling between the operators and the men that was not of the best, apparently. They did not wish to get together. I insisted I would have nothing to do with the proposition unless they agreed to confer and meet on some neutral ground. So that they agreed to get together and they tried to get together, but failed to successfully agree on any particular thing. I then requested them all to meet me here in Washington, which they did. The steamship owners and operators had prepared and insisted on a 25 per cent cut. After hearing my statement of the case, they agreed to accept my proposition, which was 15 per cent reduction in the wage scale and elimination of overtime except when absolutely necessary and elimination of night watchmen and a reduction in the allowance for lodging, and so forth, ashore, and certain rules and regulations in regard to the working conditions.

The men at no time have shown to my mind a satisfactory state of mind. It is an almost impossible situation to deal with. They are particularly insistent on some form of overtime which, of course, can be readily understood as an iniquitous proposition and the worst form of graft. It is not only graft but it is demoralizing to the personnel. It is impossible to maintain proper morale in a fleet where a system of that kind is inviting inefficiency and expense. As a rough estimate of what we paid during the last 13 months for overtime, it is about five or six million dollars. Our regular wage scale is about \$67,000,000, and including the overtime about \$73,000,000 or \$74,000,000. It is an iniquitous thing that simply had to be cut out, and I have insisted on that. The situation is still pending. I have expressed my willingness to continue to make agreements with these men provided they would do it in a proper spirit and in a proper way, but always with the understanding that the great American principle had to be maintained, that every man had a right to earn his living if he did it in a proper way. While I have not stated definitely one way or the other as regards the question of open or closed shop, I have insisted that every American was to have an opportunity to make his living; that if he wanted to make it aboard our ships that he would have an opportunity, and I would give him the opportunity as far as I could; that I would confer either with the union leaders or with individuals or anybody that came representing a proper organization or representing themselves; that they were always welcome and I would give them a hearing. That has been my broad stand.

#### COLLECTIONS FROM SALE OF SHIPS.

We have collected as much money as we could from the various sources. The committee is familiar with our settlements with the War Department. There are other outstanding debts that it is simply impossible for us to collect. For instance, the indebtedness from ship sales and sources connected with that is about \$17,000,000. The situation with regard to that is such that it is a very difficult problem to deal with. We have sold a good many of our vessels on various plans. The board, for instance, in beginning to sell ships, has tried three or four different plans, and some of them, of course, were initiated when freights were high and it looked as if any kind of



a ship could make any kind of money, and they could buy ships at any price. The consequence has been that a good many companies have paid as much as 25 per cent and some 30 or 40 per cent for their ships, and then the scarcity of cargoes and falling freight rates have made it practically impossible for them to meet their obligations when they became due; and in order not to demoralize the whole shipping situation and discredit shipping securities, the board has done everything it could to try to collect the money without foreclosing the mortgages on the ships, and practically putting the various steamship companies out of business. Of course, there have been some companies that should never have been dealt with at all. That was unfortunate, but I have no doubt that at the time it was done the feeling was that the security was ample and that if conditions continued, they would meet the situation. That accounts for the \$17,000,000 that is outstanding there, and we are putting pressure on as hard as we can in various ways to collect this money.

#### SALE OF SURPLUS MATERIAL.

The sale of surplus material has been pushed. I have been a little unfortunate in the organization of that division for the greater part of the time until a few months ago, when I finally succeeded, I think, in getting some one to head it that would restore confidence and put it in shape. That situation is improving all the time. We are attempting to sell large quantities of our material and hope to be able to accomplish that, but, due to the general conditions throughout the country, we have not been able to sell very much of it recently. What we are doing is, we are concentrating it in yards that we own, not only to do away with the rental of yards, but in order to reduce the overhead incident to a large staff and personnel. We are utilizing Hog Island very largely for that purpose, and other plants that we have. There are some things we are holding because we feel that as long as the expense of holding the material is not too great, it is just as well to hold it until a better market presents itself. Of course, these are problems we are giving close attention to all the time.

#### SALE OF HOUSING PROPOSITIONS.

The housing proposition is another one. We are trying to dispose of them. I sold one proposition, the one in Wilmington, about a week ago. That will bring us in about \$1,250,000 cash and \$500,000 a little later on. That is the only one housing proposition that we have been able to recently sell, although we are constantly in negotiation to dispose of them.

Of course, it will be necessary for us to dispose of them at a figure that is slightly below, possibly, the actual demand from house to house, but in order to get rid of the problem and to do away with the large staff and overhead that would be necessary if we sold these houses over a long period of time, it is better to dispose of them at anything like a figure that will be at all satisfactory. We are giving every attention to that matter. Those are the various sources of revenue except our operations, and I go back to that because the situation there is improving except for this strike situation which is facing us just now.

## REDUCTION IN COST OF REPAIRS.

We have managed to straighten out the foreign competition in the North Atlantic to a certain extent and freights are improving and we are getting more cargoes. We are now putting more ships into service than we are taking out. Last week was particularly satisfactory in that respect. At the same time we are giving a great deal of attention to the question of the reduction in cost of repairs. We have been particularly fortunate in our repair situation. I do not think it is an exaggeration to say that that expense, which was a tremendous one, sixty or eighty million dollars a year, has been practically cut in two, not only for the Emergency Fleet Corporation but for our private shipowners. This not only reduces the cost of repairs but in due time should have its proper influence on the rate of insurance, and I feel that if we could go ahead and tide over this strike situation, without too much demoralization, we should in the near future possible break even, if not get in some revenue; but the situation is too uncertain and the problem is too large to have us take any chances on that.

While we are hopeful it is too uncertain to be positive. For that reason, we have estimated about what we think it will be necessary for us to have. Personally, I am very hopeful, if we can get a new board organized and get renewed confidence throughout the country and follow up the system of publicity, or rather education, that we are trying to do to get our own people to patronize our ships, I am very hopeful of the outcome, because where we have been able to come in touch with the manufacturers and producers, we have had excellent results. The people as soon as they realize the situation and know that we have a fleet that the Government owns and that belongs to the taxpayers, which also offers them a means of marketing their produce and manufactured articles, they are willing to give it a chance. We have been, as I say, very successful along that line in certain directions, particularly in the interior and in the West and Middle West. They have shown a very fine spirit, and we have recently established in St. Louis a branch office with men there whom we feel can represent the situation and tell the people what we are trying to accomplish. We hope to establish such offices elsewhere. We have an exhibition that we have sent around the country to give the people, as nearly as we can, a practical view of it. We have even gone to the extent of getting together a film that illustrates fairly well the general development of the merchant marine. While it may not be up to the latest condition of these expensive films, at a very little expense we have been able to get something that gives a very fair illustration of it. We are doing everything we can, I feel, to help the situation along, and I feel we are in a position to go along with any development that comes along.

We have just had one unfortunate situation arise in Argentina, one of the markets we are looking to for success, where they are holding up the *Martha Washington* on a labor strike or a sort of boycott of the ship down there. That matter soon developed into a situation whereby it passed beyond the commercial stage and we have turned that problem over to the State Department. We were making decided progress in the River Plata, and I have no doubt our success down there was possibly the cause, and will be for some

time, of many of the troubles we are having. Just what the outcome of that proposition will be I can not tell, as it is in the hands of the State Department.

Elsewhere things are going along fairly well.

ESTABLISHMENT OF LINES OF FREIGHT AND PASSENGER VESSELS IN  
THE PACIFIC.

We have only in recent months established three lines of combination passenger and freight vessels in the Pacific, one from the Puget Sound area, one from San Francisco, and one from the east coast to Honolulu, San Francisco, Los Angeles, and back to the east coast of the United States. We, of course, have not yet given them the full number of vessels, but three have been allocated to the Pacific Steamship Co. in the Puget Sound area and three to the Pacific Mail Co. in San Francisco, and two to the Matson Line to Honolulu. One of those lines will eventually be extended to possibly India and the East Indies.

Those lines are practically on their maiden trips now and promise a slight revenue over expenses on their first trips, and we have reason to believe that when these fast steamers are once well established, with the fast freights they will get from the Far East, they will be a source of revenue.

We have one passenger line in the North Atlantic, the United States Mail, that we are trying to build up, and we are having rather hard work, but the recent trips have been earning a slight revenue.

The last ones that went out, the old *North State* and the *Potomac*, this past week, promise to bring revenue in from that source. The Post Office Department is cooperating with us more energetically and heartily than before in giving us mail to carry, and that is a great help. The other passenger line that we are running is from New York to Rio Janeiro, Montevideo, and Buenos Aires. This has not always been a source of revenue but the recent voyages have been. While the amount is small it shows an improvement, and when we can get the new vessels in that we can operate more economically, we feel that we will get a decided revenue from that source. Of course, we will lose a great deal of money on the *Martha Washington*. She has been there six weeks and a little over now. I do not know how much longer she will be there. Of course, we are losing a great deal of money while she is there.

BUILDING PROGRAM.

The building program, of course, is going along. I have done everything I could in the way of trying to get the wages reduced at the various shipyards where we are doing work, and we are doing all that we can to complete the program as economically as possible. I think the committee was informed of the fact that we had canceled three of the big combination passenger and cargo ships with the Bethlehem Steel Co., due to practical violations of contract with us. We have canceled the three last ones with that company. We have about 40 vessels still to build. The only reason a good many of those ships continued under construction was due to the fact that in the cancellation of various contracts it was found to be, or believed to

be, very much more advantageous to the Government to complete those ships than to cancel the contract. I think that possibly if at the time the arrangements were made we could have foreseen future conditions in every direction, it would have been better to cancel the contracts. We realize now that in many cases it would have been better to cancel the contracts. I feel that because of some of the tankers that have been completed. I am compelled to confess in my own case that if I had realized more fully the conditions I would have been able to do something of that kind since I have been connected with the board, but I did not realize them until it was too late, that being due to the many other problems under consideration. But, nevertheless, that is the situation.

It will cost us something in the neighborhood of fifty or sixty million dollars to complete those that we now have under construction. It was our intention, and I have already been discussing the matter with the board, to have a readjustment of salaries within the organization at the shore plants. It is also the intention of the board to try and develop some system of bare boat charter that will permit us to very materially reduce our overhead.

#### SALE OF SHIPS.

I would like to state at this point that, in view of a great many things that have been said about the sale of ships, while bad judgment might have been exercised at the time we did not sell them, due to the actual developments I think it very fortunate that the ships were not sold. It leaves the situation, I think, in a very much better condition, and as we emerge from our demoralization after the war and the depreciation resulting from that condition, if we can now build up a satisfactory system of disposing of or managing our fleet along lines that will develop a good fleet, that fleet will be in a very much more stable condition, and confidence in shipping securities will be much greater, and in the long run our merchant marine will be on a very much more permanent basis than would have been the case if we had sold the ships at fairly high prices several years ago, when the purchasers would unquestionably not have been able to pay more than one-half of what they owed.

That situation, in my opinion, would have been disastrous. We are doing all we can to develop the most efficient type of motive power for our ships in order to reduce the operating expenses. I feel strongly that the solution of this problem of competition is going to depend on reducing the operating expenses to the minimum very largely by improved motive power for our ships and on increasing the efficiency of American seamen and officers on board our ships to man and operate them, together with the gradual development of a personnel on shore that understands the ship business, with an appreciation by the American people as a rule as to what an American merchant marine really means to the country in all of its various phases. I do not know that there is any other point that I have not covered.

#### NUMBER OF MEN AFFECTED BY ORDER REDUCING WAGES.

The CHAIRMAN. Approximately, how many men are engaged in the operation of the ships whose wages would be affected by the recent order to reduce wages 15 per cent?

Admiral BENSON. I should say between 50,000 and 60,000 men.

The CHAIRMAN. That is, on the ships you are operating?

Admiral BENSON. Yes, sir.

The CHAIRMAN. Has there been a substantial reduction in wages since the war?

Admiral BENSON. None at all. These were prewar wages, and in some cases, and one case particularly, there had been an increase of over 100 per cent. The increases varied anywhere from 50 per cent to 100 per cent over the prewar wages, and there has been no reduction at all. This is the first attempt at making a reduction, and it leaves us with wages that are very much higher than we had before the war.

The CHAIRMAN. And there is objection on the part of the men to accepting this slight reduction of 15 per cent?

Admiral BENSON. A very decided objection. I want to say there, Mr. Chairman, that I worked it out on the cost of living, and the cost of living, so far as I could determine, had come down from 18 to 30 per cent; but, in order to be perfectly fair with them and not to make too radical a change, I thought that 15 per cent would about average the conditions at the present time, and would, at least, give them the benefit of the doubt.

The CHAIRMAN. Have you fixed the time when this order shall become effective?

Admiral BENSON. It became effective on the 1st of May. It is already in effect.

#### VESSELS LAID UP AS RESULT OF STRIKES.

The CHAIRMAN. Have the men struck?

Admiral BENSON. In some places they have. We have had considerable violence at Baltimore and Charleston, S. C. On Friday or Saturday I communicated with the Department of Justice and asked them to help in getting out injunctions wherever it was necessary, and we have done that in one or two cases. The conditions at places where we have done that have improved. For instance, at Charleston, they have smoothed that situation out. It is still bad in Baltimore. I think we had to get out injunctions at New Orleans, also. It is my purpose, if it is necessary, to get out injunctions, and if the mayors of the cities can not control the situations, it is my intention to fall on the governors. If the governors can not control the situation, then I will have to go to higher authority still. It is my intention to stand firm and use every possible means to insist on this situation being maintained.

Mr. BYRNS. Has that resulted in the laying up of many ships?

Admiral BENSON. Of only a few. We sailed about 75 ships last week. We feel and the shipowners feel very strongly that there will be no difficulty in carrying this out. We are at liberty now, and I am debating very seriously in my own mind, if these things go on very much longer, whether I will make any agreement with them at all. I am a little loath to do it. We have made every possible concession to them, and I know that the shipowners are very loath to do it. I believe, however, that in some quarters an effort has been made to take advantage of this depression and to impose upon the

men, possibly, and to create an ugly situation. I did not want to be a party to that, and my idea was that we should deal fairly with them and help them against their own willful acts, if possible. My idea is to try to build up the morale of the men, if we can, and I think that by proper treatment it can be done.

#### FURTHER REDUCTION OF WAGES.

The CHAIRMAN. It is perfectly obvious that before long you will have to make a still further reduction of wages.

Admiral BENSON. That will have to come.

The CHAIRMAN. Is there anything in your contract that would bind you to maintain that scale for any definite length of time?

Admiral BENSON. We have no contract with any of them now, and one of the conditions they want is that we will sign an agreement with them for another 12 months. I am not willing to do that.

The CHAIRMAN. That might be the most serious step that we could possibly take if we are to advance the merchant marine—that is, if we were to sign up for 12 months with a wage scale so much higher than the wage scale of foreign shipowners that we could not hope to compete with them.

Admiral BENSON. There is a little mistaken idea there, I think; or, rather, I think that the question of wages is always a little exaggerated, because under any system it is not much over 10 per cent of the total cost of operation. I feel that we have got to get Americans on our ships and build up our efficiency. I think that we have too many men on some of our ships, and I think that our laws ought to be modified to that extent. The real evil I am afraid of is this, that pretty soon shipowners will refuse to sign any Americans, and we know that there are hundreds of thousands of men drifting around on the beach who are able to work, and they will take on those foreigners at a very much lower price, and that will seriously interfere with our getting a full American personnel on board our ships. That is something that we are working toward very earnestly, and recently many of our ships have gone out with 100 per cent American crews on board. We will have to reduce the pay, but I am not in favor of too great a reduction now. I believe that our men ought to have good quarters on board the ships, and that they ought to give good work.

I would not put it exactly on the basis of foreign competition, but I would put it more on the basis of the actual living relations. I believe that we can deal with our merchant marine on that basis, and I believe that we can build it up on that basis so that it will be ready as a naval reserve or as a military auxiliary, as provided for in the preamble of the bill, and that it will be in a position to compete in any way we want as a commercial fleet.

#### COMPARISON OF WAGES WITH OTHER COUNTRIES.

Mr. BUCHANAN. How do the wages fixed in your order compare with the scale of wages paid by England, Japan, and other first-class merchant marine countries?

Admiral BENSON. They are higher.

Mr. BUCHANAN. How much higher?

Admiral BENSON. I can not tell you how much higher they are. Within the last 48 hours, I have had cable information from London that the British have made a reduction of 15 per cent which has been accepted; but, of course, their wage scale is lower than ours, and the Japanese wage scale is lower still. The Scandinavian scale is not so much lower. In all of those countries, they conceal their real scale by giving them perquisites, and more particularly to the officers. For that reason it is a difficult thing to get at the exact difference. I would be glad to have that information tabulated for you and submit it to the committee. I think that would be more satisfactory.

The CHAIRMAN. You can do that.

(The tabulation referred to is as follows:)

TABLE A.

*Crew list and monthly wages on selected American, British, Norwegian, and Japanese vessels, summer of 1919.*

[Single-screw coal-burning cargo ship, Atlantic and Gulf coasts, 8,800 tons dead weight, Class C.]

[Effective Aug. 31, 1919, to Aug. 31, 1920.]

	Num-ber.	Wages.	Amount.		Num-ber.	Wages.	Amount.
<b>AMERICAN.</b>				<b>BRITISH—Continued.</b>			
<b>DECK DEPARTMENT.</b>				<b>DECK DEPARTMENT—con.</b>			
Master.....	1	\$357.50	\$357.50	Third mate.....	1	\$109.00	\$109.00
First officer.....	1	228.75	228.75	Carpenter.....	1	83.00	83.00
Second officer.....	1	200.00	200.00	Boatswain.....	1	78.00	78.00
Third officer.....	1	176.25	176.25	Able seamen.....	10	70.00	700.00
Carpenter.....	1	100.00	100.00	Ordinary seamen.....	2	44.00	88.00
Boatswain.....	1	95.00	95.00				
Able seamen.....	7	85.00	595.00	Total.....			1,610.00
Ordinary seamen.....	3	65.00	195.00				
Total.....			1,947.50	<b>ENGINE DEPARTMENT.</b>			
<b>ENGINE DEPARTMENT.</b>				First engineer.....	1	233.00	233.00
Chief engineer.....	1	332.50	332.50	Second engineer.....	1	165.00	165.00
First assistant.....	1	228.75	228.75	Third engineer.....	1	124.00	124.00
Second assistant.....	1	200.00	200.00	Fourth engineer.....	1	109.00	109.00
Third assistant.....	1	176.25	176.25	Donkeyman.....	1	78.00	78.00
Deck engineer.....	1	100.00	100.00	Doorkeeper.....	1	78.00	78.00
Storekeeper.....	1	95.00	95.00	Greasers.....	3	75.00	225.00
Others.....	3	95.00	285.00	Firemen.....	8	73.00	584.00
Firemen.....	9	90.00	810.00	Trimmers.....	4	70.00	280.00
Coal passers.....	6	75.00	450.00	Total.....			1,876.00
Total.....			2,677.50	<b>STEWARD DEPARTMENT.</b>			
<b>TEWARD DEPARTMENT.</b>				Chief steward.....	1	97.00	97.00
Chief steward.....	1	135.00	135.00	Second steward.....	1	68.00	68.00
Chief cook.....	1	115.00	115.00	Cook.....	1	92.00	92.00
Second cook and baker.....	1	100.00	100.00	Baker.....	1	73.00	73.00
Utility man.....	1	70.00	70.00	Bedroom and mess stew-ard.....	1	67.00	67.00
Messmen.....	2	70.00	140.00	Steward's boy.....	1	41.00	41.00
Messboys.....	2	65.00	130.00	Total.....			438.00
Total.....			690.00	Grand total.....	45		3,924.00
Grand total.....	48		5,315.00	<b>JAPANESE.*</b>			
<b>BRITISH.<sup>1</sup></b>				<b>DECK DEPARTMENT.</b>			
<b>DECK DEPARTMENT.</b>				Master.....	1	255.00	255.00
Master.....	1	\$258.00	\$258.00	First mate.....	1	148.00	148.00
First mate.....	1	165.00	165.00	Second mate.....	1	110.00	110.00
Second mate.....	1	129.00	129.00	Third mate.....	1	98.00	98.00
				Boatswain.....	1	50.00	50.00

<sup>1</sup> Basis of compilation of above figures: Exchange rate used to convert into American money, \$4.86=£1 per cent of American scale, 74.

<sup>2</sup> Estimated.

<sup>3</sup> Basis of compilation of above figures: Exchange rate used to convert to American money, yen equals 50 cents; per cent of American scale, 54. These are minimum wages paid by three largest Japanese steamship companies. There are higher wages and a bonus system in addition.

*Crew list and monthly wages on selected American, British, Norwegian, and Japanese vessels, summer of 1919—Continued.*

	Num-ber.	Wages.	Amount.		Num-ber.	Wages.	Amount.
<b>JAPANESE—Contd.</b>				<b>NORWEGIAN.<sup>4</sup></b>			
<b>DECK DEPARTMENT—con.</b>				<b>DECK DEPARTMENT.</b>			
Quartermasters.....	3	\$38.00	\$114.00	Master.....	1	\$268.00	* \$268.00
Carpenter.....	1	35.00	35.00	First officer.....	1	195.00	195.00
Able seamen.....	6	31.00	186.00	Second officer.....	1	143.00	143.00
Ordinary seamen.....	6	30.50	183.00	Third officer.....	1	104.00	104.00
Total.....			1,179.00	Boatswain.....	1	78.00	78.00
<b>ENGINE DEPARTMENT.</b>				Carpenter.....	1	78.00	78.00
Chief engineer.....	1	220.00	220.00	Able seamen.....	5	72.00	360.00
First engineer.....	1	138.00	138.00	Ordinary seamen.....	5	44.00	220.00
Second engineer.....	1	105.00	105.00	Young man.....	1	29.00	29.00
Third engineer.....	1	98.00	98.00	Total.....			1,475.00
Storekeeper.....	1	58.00	58.00	<b>ENGINE DEPARTMENT.</b>			
First oiler.....	1	58.00	58.00	Chief engineer.....	1	231.00	231.00
Oilers.....	6	48.00	288.00	First engineer.....	1	182.00	182.00
Firemen.....	12	32.00	384.00	Second engineer.....	1	143.00	143.00
Coal passers.....	8	25.00	200.00	Third engineer.....	1	104.00	104.00
Total.....			1,549.00	Firemen.....	11	73.00	803.00
<b>STEWARD DEPARTMENT.</b>				Coal passers.....	4	49.00	196.00
Steward.....	1	35.00	35.00	Boy.....	1	23.00	23.00
Cook.....	1	26.00	26.00	Total.....			1,672.00
Rice cook.....	1	20.00	20.00	<b>STEWARD DEPARTMENT.</b>			
Messmen.....	3	20.00	60.00	Steward.....	1	156.00	156.00
Total.....			141.00	First cook.....	1	52.00	52.00
Grand total.....	59		2,899.00	Boy.....	1	23.00	23.00
				Total.....			231.00
				Grand total.....	40		3,378.00

<sup>4</sup> Basis of compilation of above figures: Exchange rate used to convert to American money, kroner equals 26 cents; per cent of American scale, 64.

<sup>5</sup> Estimated.

*Comparison of standard monthly wages, American and British merchant steamships.*

	Ameri-can.	British.		Ameri-can.	British.
<b>DECK OFFICERS.</b>			<b>ENGINEERS.</b>		
Captains:			Chief engineers:		
Class A.....	\$412.50	\$296.46	Class A.....	\$387.50	\$199.26
Class B.....	371.25	272.16	Class B.....	346.25	194.40
Class C.....	357.50	257.58	Class C.....	332.50	189.54
Class D.....	343.75	247.86	Class D.....	318.75	184.68
Class E.....	330.00	239.14	Class E.....	305.00	179.82
First officers:			First assistant engineers:		
Class A.....	241.25	155.52	Class A.....	241.25	150.66
Class B.....	235.00	150.66	Class B.....	235.00	150.66
Class C.....	228.75	150.66	Class C.....	228.75	145.80
Class D.....	222.50	140.94	Class D.....	222.50	140.94
Class E.....	216.25	136.08	Class E.....	216.25	136.08
Second officers:			Second assistant engineers:		
Class A.....	212.50	123.93	Class A.....	212.50	119.07
Class B.....	206.25	121.50	Class B.....	206.25	116.64
Class C.....	200.00	119.07	Class C.....	200.00	114.21
Class D.....	193.75	116.64	Class D.....	193.75	111.78
Class E.....	187.50	114.21	Class E.....	187.50	111.78
Third officers:			Third assistant engineers:		
Class A.....	188.75	99.63	Class A.....	188.75	99.63
Class B.....	182.50	99.63	Class B.....	182.50	99.63
Class C.....	176.25	97.20	Class C.....	176.25	97.20
Class D.....	170.00	97.20	Class D.....	170.00	97.20
Class E.....	163.75	92.34	Class E.....	163.75	97.20



*Comparison of standard monthly wages, American and British merchant steamships—Con.*

	Ameri- can.	British.		Ameri- can.	British.
DECK FORCE.			FIREMEN AND OILERS.		
Carpenters.....	\$100.00	\$82.62	Firemen.....	\$90.00	\$72.90
Carpenter's mates.....	95.00	77.76	Oilers.....	95.00	75.30
Boatswains.....	95.00	77.76	Donkeymen.....	95.00	77.76
Boatswain's mates.....	90.00	72.90			
Able seamen.....	85.00	70.44			
Ordinary seamen.....	65.00	55.86			

These comparative rates of wages are based for America on the official wage and working agreement of the United States Shipping Board, the American Steamship Owners' Association, and the American seagoing unions; for Great Britain on the official wage schedule of the British ministry of shipping. In the British wages the war bonus of £3 per month for each officer and man, which still continues and is paid by the British Government through the shipowners, is included. British money in the above tables is converted into American money on the basis of \$4.86 per pound sterling, the normal rate before the recent war.

Where British officers' pay is graduated according to length of service, the maximum rate for longest service is given in every case.

*Comparative monthly wages, American and British cargo steamers (white crews), 5,000 to 7,000 dead-weight tons.*

	Ameri- can.	British.		Ameri- can.	British.
Master.....	\$343.75	\$247.86	Oilers.....	<sup>8</sup> \$285.00	<sup>8</sup> \$225.00
Chief officer.....	222.50	140.94	Firemen.....	<sup>7</sup> 540.00	<sup>8</sup> 437.40
Second officer.....	193.75	116.64	Coal passers.....	<sup>9</sup> 225.00	<sup>10</sup> 211.32
Third officer.....	170.00	97.20	Total.....	2,055.00	1,496.42
Carpenter.....	100.00	82.62	Chief steward.....	135.00	92.34
Boatswain.....	95.00	77.76	Chief cook.....	115.00	87.48
Able seamen.....	<sup>1</sup> 595.00	<sup>2</sup> 422.64	Second cook.....	100.00	68.04
Ordinary seamen.....	<sup>8</sup> 195.00	<sup>4</sup> 111.72	Utility man.....	70.00	65.58
Total.....	1,915.00	1,207.38	Messmen.....	<sup>11</sup> 140.00	<sup>12</sup> 196.74
Chief engineer.....	318.75	184.68	Messboy.....	65.00	33.36
First assistant engineer.....	222.50	140.94	Total.....	625.00	543.54
Second assistant engineer.....	193.75	111.78	Grand total.....	4,595.00	3,337.34
Third assistant engineer.....	170.00	97.20			
Deck engineer.....	100.00	.....			

<sup>1</sup> 7 at \$85.<sup>2</sup> 6 at \$70.44.<sup>3</sup> 3 at \$65.<sup>4</sup> 2 at \$55.86.<sup>5</sup> 3 at \$95.<sup>6</sup> 3 at \$75.30<sup>7</sup> 6 at \$90.<sup>8</sup> 6 at \$72.90.<sup>9</sup> 3 at \$75.<sup>10</sup> 3 at \$70.44.<sup>11</sup> 2 at \$70.<sup>12</sup> 3 at \$65.58.

The American crew numbers 40 all told; the British crew 38. In this table the war bonus of £3 per month to each British officer and man, which is still paid by the British Government through the shipowners, is added to and included in the wage rates. British money is converted into American money on the basis of \$4.86 per pound sterling, which prevailed before the war.

**REDUCTION IN WAGES AT SHIPYARDS HAVING CONTRACTS FOR CONSTRUCTION OF SHIPS.**

The CHAIRMAN. With regard to the wages in yards where you have contracts for the construction of ships, has there been a decrease in those wages?

Admiral BENSON. I think there has been. In the New York Shipbuilding Plant, which is the one that had most of our orders, there has been a reduction, I think, of 10 per cent. I have been in

constant communication with them in regard to a further reduction there. At Newport News, where they are building some of our ships, we got them to take the ships on a fixed-price basis, so that the price of labor there does not make so much difference to us. That is true of most of the yards.

The CHAIRMAN. In yards of that kind where they are building ships on flat contracts, how does the scale of wages compare with the scale in other yards where you have contracts on the basis of cost plus a fee?

Admiral BENSON. I think when we started out, or when we made that change, they were about the same. I think the wages were about the same. I know that the New York Shipbuilding Co. has reduced wages 10 per cent, and Commander Gatewood tells me that they have been reduced at all the Atlantic coast yards.

#### DATE OF COMPLETION OF SHIPBUILDING PROGRAM.

The CHAIRMAN. With regard to the shipbuilding program, when do you expect that it will be entirely completed?

Admiral BENSON. I think not later than the middle of 1922. Some of those passenger ships will be carried over until the spring of 1922.

Commander GATEWOOD. The last ship will be completed about April, 1922.

#### BUILDING PROJECT, SHIPS BUILT OR IN COURSE OF COMPLETION.

The CHAIRMAN. What does your whole project contemplate in the way of ships? Let us take up first the steel ships, the steel cargo ships and steel passenger ships, and the passenger and cargo ships combined, the wooden ships, and the concrete ships.

Commander GATEWOOD. Do you mean the ships yet to be completed?

The CHAIRMAN. I mean the total program.

Commander GATEWOOD. That is all covered in the hearings of last December. We contemplate a total program of 2,301 ships.

The CHAIRMAN. Is that statement divided into classes?

Commander GATEWOOD. Yes, sir; it is divided into classes. It is in this table in the record.

The CHAIRMAN. Have you brought that table down to date?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. It shows the total number of ships either built or being built, and the progress of the building on those that have not been completed?

Commander GATEWOOD. I have this table [indicating], which I thought the committee would want, in regard to the ships being built now and not yet completed.

The CHAIRMAN. This table shows the progress of the ships still being constructed.

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Have you a table showing the ships already constructed by the Emergency Fleet Corporation, designating in one column those that have been sold and those where contracts for sale have been entered into?

Commander GATEWOOD. No, sir; I have not such a statement. We have a table indicating the total program as originally contemplated. That table also shows the cancellations and the finishing of authorized vessels. That table shows certain vessels not completed under that program.

The CHAIRMAN. Suppose you mark that "Table No. 1," and insert it in the record. That table shows the total program, whether completed or in process of completion, and the cancellations?

Commander GATEWOOD. Yes, sir. This column shows the originally contemplated program; this column shows the ships finally authorized, minus the cancellations, or 2,312 ships minus 38, or whatever the figure is there, giving the total.

(The table referred to is as follows:)

**TABLE B.**

*Accumulated program of ship construction.*

[United States Shipping Board Emergency Fleet Corporation, Division of Construction and Repairs, Construction Department, Records Branch.]

[illegible]



1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, as it contains the President's views on the state of the Union and the progress of the war.

2. The second part of the document is a report from the Secretary of the War Department, dated January 10, 1862. It contains a detailed account of the military operations of the Army during the year 1861.

3. The third part of the document is a report from the Secretary of the Navy Department, dated January 10, 1862. It contains a detailed account of the naval operations of the Navy during the year 1861.

4. The fourth part of the document is a report from the Secretary of the Department of the Interior, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

5. The fifth part of the document is a report from the Secretary of the Department of the Treasury, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

6. The sixth part of the document is a report from the Secretary of the Department of the State, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

7. The seventh part of the document is a report from the Secretary of the Department of the War, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

8. The eighth part of the document is a report from the Secretary of the Department of the Navy, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

9. The ninth part of the document is a report from the Secretary of the Department of the Interior, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

10. The tenth part of the document is a report from the Secretary of the Department of the Treasury, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

11. The eleventh part of the document is a report from the Secretary of the Department of the State, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

12. The twelfth part of the document is a report from the Secretary of the Department of the War, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

13. The thirteenth part of the document is a report from the Secretary of the Department of the Navy, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

14. The fourteenth part of the document is a report from the Secretary of the Department of the Interior, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

15. The fifteenth part of the document is a report from the Secretary of the Department of the Treasury, dated January 10, 1862. It contains a detailed account of the operations of the Department during the year 1861.

St.	Contract No.—	Hull.	Name.	Dead weight tons.
River		17	William Penn.....	12, 50
		1		12, 50
Atlantic.	145	984	George M. Morse.....	9, 40
	97	748	City of Brunswick.....	9, 50
	304	1, 911	Jeff Davis.....	9, 60
	304	1, 912	Galveston.....	9, 60
	304	1, 913	Ward.....	9, 60
	304	1, 914	Oldham.....	9, 60
	92	1413	West O'Rowa.....	8, 80
	440	2343	West Newark.....	11, 00
	440	2344	West Faralon.....	11, 00
	440	2345	West Greylock.....	11, 00
	440	2346	West Prospect.....	11, 00
	440	2347	West Chopaka.....	11, 00
	142	950	Nashaba.....	9, 40
tes	318	1765	Lake Miraflores.....	4, 05
		14		134, 55
	399	2083	Mandarin.....	10, 00
	399	2084	Celestial.....	10, 00
	399	2085	Oriental.....	10, 00
	399	2086	Cathay.....	10, 00
		4		40, 00
Atlantic.	529	2860	Tulsagas.....	10, 20
	529	2861	Lio.....	10, 20
	301	1679	Hambro.....	10, 10
	301	1680	Hamer.....	10, 10
	301	1681	Hammac.....	10, 10
	530	2862	Bohemian Club.....	10, 00
	530	2863	Tustem.....	10, 00
	530	2864	Lubrico.....	10, 00
	531	2869	Swift eagle.....	12, 00
	531	2870	Swiftlight.....	12, 00
	531	2871	Swiftwing.....	12, 00
		11		116, 70
River	151	1013	Sea Girt.....	13, 00
	151	1014	American Legion.....	13, 00
	418	2590	Centennial State.....	13, 00
	418	2591	Blue Hen State.....	13, 00
	419	2583	Bay State.....	13, 00
	419	2584	Peninsula State.....	13, 00
	420	2579	Keystone State.....	13, 00
	420	2580	Empire State.....	13, 00
	420	2581	Lone Star State.....	13, 00
	420	2582	Hoosier State.....	13, 00
Atlantic.	182	1165	Buckeye State.....	13, 00
	465	2505	Pine Tree State.....	13, 00
	465	2506	Palmetto State.....	13, 00
	465	2507	Nutmeg State.....	13, 00
	532	2873	Silver State.....	13, 00
		15		195, 00
		44		486, 20
	305	1708	Moffitt.....	7, 50
		1		7, 50
		46		506, 20

ing, about Apr. 15, 1921.

[illegible]



The CHAIRMAN. This Table No. 1 shows that there are requisitioned ships to the net total number of 419, and of contract steel ships 1,741.

Commander GATEWOOD. That is, as originally contemplated.

The CHAIRMAN. That was the originally contemplated program, but all that you have completed or are completing are 384 contract requisitioned steel ships and 1,309 contract ships, or a total of 1,693 ships?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Of that number, can you state how many have been actually completed, and how many are still under contract and in process of completion?

Commander GATEWOOD. That statement shows every ship in the yards, the degree of completion, the type of ship, whether cargo or tanker, or passenger vessel.

The CHAIRMAN. What is the total number?

Commander GATEWOOD. Forty-six on April 1, and there were 38 vessels on May 1.

The CHAIRMAN. Are there any wooden ships in that program?

Commander GATEWOOD. No, sir.

The CHAIRMAN. The wooden ships are completed?

Commander GATEWOOD. Yes, sir; and the concrete shipbuilding program is completed. All of the requisitioned ships are completed except one which has been held up about three months by strikes.

The CHAIRMAN. According to this statement of the total number of ships, you estimate that all of them will be built before the 1st of September except seven?

Commander GATEWOOD. Most of the tanker and cargo program will be completed by fall. The only thing remaining then will be four or five tankers. The balance of the passenger ships and two cargo vessels will remain. Twelve passenger ships are held up.

The CHAIRMAN. All except 12, you estimate, will be completed before the end of this fiscal year?

Commander GATEWOOD. There are 23 vessels to be completed after July 1.

#### PROPORTION OF SHIPS CONSTRUCTED UNDER FLAT CONTRACTS AND ON COST-FEE BASIS.

The CHAIRMAN. What proportion of these ships is being constructed under flat contracts or at so much per ton, and what proportion is being constructed under the cost-plus fee?

Commander GATEWOOD. Sixty per cent under lump sum and 40 per cent under cost plus. I think that is on the table, Mr. Chairman. The ones with the little stars are the lump sum and all others are cost plus.

#### REDUCTION IN COST OF SHIPS.

The CHAIRMAN. Has there been any reduction in the cost of these ships during the last six or eight months?

Commander GATEWOOD. Yes, sir; a material reduction.

The CHAIRMAN. How much?

Commander GATEWOOD. Over the estimate that we gave you in December, as of November 1, the first hearing, we have reduced those

estimates \$17,000,000, due to the increased efficiency in the shipyards and decreased wages, and some credits that will come back to us for the items that will not be done, military extras and things not required. The total figure of \$163,000,000 that we gave you in the hearings early in December we believe can now be reduced about \$17,000,000. The reason it can not be reduced more is that of the total cost of the program to complete a very large percentage was material paid for some time ago at prices then prevailing.

The CHAIRMAN. Has that material been paid for?

Commander GATEWOOD. Not by us, but in many cases by the original contractors, and we will have to pay for it at their price. The money has not been disbursed to the contractor yet. His degree of completion on board the vessel has not reached the payment stage.

The CHAIRMAN. There is no reduction in the flat contract?

Commander GATEWOOD. You mean in the lump-sum contract?

The CHAIRMAN. Yes, sir.

Commander GATEWOOD. Yes, sir; there is some reduction there.

The CHAIRMAN. How do you effect a reduction there?

Commander GATEWOOD. In this way: Some of those contracts, practically all of the contracts, have what they call a wage-reimbursement clause in them, which operates either way, beginning at the Macey scale. If the wages are above the Macey scale, the Government reimburses the contractor, and if they are below the Macey scale the Government gets a corresponding reimbursement; so, from April 1, when the eastern coast yards and the Bethlehem coast yards of the West reduced wages 10 per cent on those lump-sum contracts, our contract reimbursements will be just that much less.

The CHAIRMAN. You get the advantage?

Commander GATEWOOD. We get the advantage of that, but that does not apply in Newport News on that one ship, a large passenger ship.

The CHAIRMAN. Why?

Commander GATEWOOD. For the reason that their contract was entered into long after the Macey scale. It was on a flat price, only last summer or early spring of last year, and one vessel was completed before the wages went into effect, the *Golden State*, and the *Silver State*, only six weeks after that.

The CHAIRMAN. Do you contemplate any further reduction in wages?

Commander GATEWOOD. I do not know. The wages have gone back into the hands of the management and they deal directly with the men in the shipyards.

PROVISION MAKING NO PART OF APPROPRIATION AVAILABLE UNLESS  
WAGES ARE REDUCED 20 PER CENT.

The CHAIRMAN. What effect would it have on this building program if we should put on a provision that no part of the appropriation should be available to pay for the completion of any ship where the wage reduction had not been as much as 20 per cent over the high war prices?

Commander GATEWOOD. The first reaction from that would be an immediate conference by the management of the yards, as to a reduc-

tion of that much from the armistice wages, with the men to see if they would take the further reduction.

The CHAIRMAN. There is no question about their being willing to take it, in my opinion.

Commander GATEWOOD. That would be the way it would operate.

The CHAIRMAN. The employees of one shipbuilding plant sent their representatives here, and, sitting right where you are sitting now, they presented a petition signed by 10,000 workmen—that was about the time when the board had a resolution prohibiting a reduction in wages—and they said they were willing to take a substantial reduction, and when interrogated as to what they meant by “a substantial reduction,” they said, “Our men are talking about a reduction of 20 per cent.”

Commander GATEWOOD. The men or the management?

The CHAIRMAN. The men themselves.

Commander GATEWOOD. That may be so in one yard. Everyone seems to be very well satisfied, both the management and the men, on the Atlantic with the 10 per cent reduction. There was not anything like a corresponding reaction as there is to the 15 per cent reduction on board ship.

The CHAIRMAN. Of course, these men could not get new contracts now, there is no concern that wants to buy a ship at the present price, and it seems to me that the men themselves began to sense what would follow the completion of these ships, that they would be out of employment unless wages and the price of material was reduced so that someone would order some ships. They will not order them at these prices—these are still war prices?

Commander GATEWOOD. Yes, sir. There are other reasons why they will not order ships besides wages. Among other things, the cost of material is still very much too high.

The CHAIRMAN. There is practically no building going on now except Government contracts and a few scattering orders where they are building tankers or something of that kind?

Commander GATEWOOD. That is true.

The CHAIRMAN. Nobody is letting contracts?

Commander GATEWOOD. No, sir; but that is for the reason that no one would know what to do with the ships if they got them; there is no business for them. There is this big fleet of ships in the hands of the Government, so that there is no private person who wants to build ships on his own account. That is the load on the neck right now.

The CHAIRMAN. Would it not be a good plan to lay the matter before the contractors in a forceful way and see if you could not bring about a reduction of 20 per cent in all the yards?

Commander GATEWOOD. I do not know that that would do very much good right now, for a couple of reasons. In the first place, the Shipping Board's program is not being discriminated against in any way; we are getting our vessels completed for the same price that the Navy is getting theirs and in the private shipyards.

#### PERCENTAGE OF COST REPRESENTED BY LABOR.

Mr. BYRNS. What percentage of the cost is represented by labor, would you say, approximately?

Commander GATEWOOD. About 60 per cent, sir.

I understand the thought in your mind; I got it at the last hearings.

The CHAIRMAN. I was afraid that nobody got it.

Commander GATEWOOD. I got it. I do not think you got the other thought in my mind—that the wages of the shipyards are now about 25 per cent less than the corresponding wages in the building trades.

Let me see if I can make that clear by a specific example, in the case of Los Angeles. All of the east coast yards and the Bethlehem yards on the west coast, which are at San Francisco only, have a reduction below the Macey scale to a figure approximately 72 cents an hour for first-class mechanics, as compared with 80 cents an hour for the Macey scale, and as compared with the present wage in all navy yards of 84 cents. That is for first-class mechanics of every trade. That is for machinists, boiler makers, pipe fitters, etc. In Los Angeles they have not reduced below the Macey scale, which would be 80 cents an hour. Los Angeles is building very rapidly, as you know, and the predominant work in Los Angeles is building-trades work. There are no climatic conditions there that involve any cessation of work for any particular time of the year, and so they can do all the work at the building trades whenever there is work to be done.

The CHAIRMAN. There is no work to be done at these prices.

Commander GATEWOOD. At Los Angeles?

The CHAIRMAN. In the country as a whole.

Commander GATEWOOD. I am talking about Los Angeles.

The CHAIRMAN. That may be so in only one town where there is an abnormal growth, but you would not use that one town as a standard for wages?

Commander GATEWOOD. No, sir. It is not used. I have simply used it instead of where the yard is not paying below the Macey wages. That is the only place where any ships are being constructed where the wages are not being reduced below the Macey scale. That is, you can not get the people to finish those ships unless you under-balance all the rest of the Los Angeles industrial schedule of wages.

#### MACEY SCALE PAID AT LOS ANGELES YARD.

The CHAIRMAN. You are not building very much at Los Angeles?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. You have six?

Commander GATEWOOD. Yes, sir.

Mr. BUCHANAN. If you required a reduction of 20 per cent in the wages, would it stop the completion of the Government ships in Los Angeles?

Commander GATEWOOD. I think there would be a strike, of course. The men would strike against that reduction, because they are now getting at least 25 per cent less than the building trades in many cases and more than 30 per cent in some cases.

During this war business all of the excess paid to the shipyard workers has in every case been from 20 to 25 per cent less than in corresponding building trades. A man working on a ship gets 25 to 30 per cent less than a man doing the same work in a house. A man running conduits, pipes, etc., on a ship gets 25 to 50 per cent less

than a person doing the same work in a house. I think that the discrepancy between the building trades and the shipyard wages has not yet been fully adjusted; I think there is a big, wide difference, and I do not think that the shipyard wages are yet unduly low compared with the building trades.

The CHAIRMAN. There may be a shortage of houses, and because of that condition there is a tendency to pay high wages for mechanics. There is an overstock of ships, and why should the Government continue to pay these high wages for mechanics to continue to produce a product when we have a surplus, when we are keeping up the whole labor scale?

Commander GATEWOOD. They are getting 25 or 30 per cent less than the building trades, very much less than the building trades would consider.

The CHAIRMAN. The statement was made here Saturday that we had over 5,000,000 men out of employment at the present time, so there must be a very large number of mechanics who are looking for jobs now.

Commander GATEWOOD. That is true; there are plenty of men, just the same as there are plenty of skilled seamen to operate ships looking for jobs.

The CHAIRMAN. How many do you provide for employment here, not less than thirty or forty thousand?

Commander GATEWOOD. More than that.

The CHAIRMAN. In the yards?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. And in construction?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. How many?

Commander GATEWOOD. I should say more nearly 60,000. I do not think that those wages are high as compared with the wages in the building trades.

The CHAIRMAN. So far as you know now, there is no movement to bring about a reduction in the wages of the mechanics in the yards?

Commander GATEWOOD. Not right now. The reduced scale only went into effect March 15. It has only been in effect for two months.

The CHAIRMAN. That is in all the yards where you are building?

Commander GATEWOOD. Everywhere except Los Angeles; yes, sir. Los Angeles is still on the Macey award.

The CHAIRMAN. You can not bring about a reduction there?

Commander GATEWOOD. I do not think that it would be wise to force a reduction there. It would force not only a strike at the yards, undoubtedly, but it would also force a general condition all over Los Angeles which is not at all welcome at the present time.

The CHAIRMAN. I think the fear that you will produce a strike some place has taken hold of the people too seriously. We could have lots of worse things in the United States right now than labor strikes, because labor must commence to realize that the war is over and the conditions that obtained when labor was paying 25 per cent and even 50 per cent more for the cost of living than they are doing now no longer obtain, and wages were increased because the cost of living increased. Now, as the cost of living is going down and down there seems to be no disposition anywhere to bring about a substantial

reduction in the wage scale. When the Government employs them at the high scale, I do not know whether it is in the navy yards or on the ships or anywhere else, it is simply standing in the way of an industrial revolution that is bound to come if we are going to take our place industrially with the other countries, and the quicker it comes the better it will be for labor itself.

COMPLETION OF PROGRAM AT EARLIEST POSSIBLE MOMENT.

Commander GATEWOOD. I see your point perfectly, but I have another thought in my mind, whether or not this program should be completed at the earliest possible moment.

The CHAIRMAN. Why? There is no demand for ships. If you can get them it is better to tie them up?

Commander GATEWOOD. Yes, sir. If you do not get the ships completed it will cost you more, because on all lump-sum contracts you will get claims that you can not deny for holding the ships due to a strike. You will have to pay the claims, and that will more than offset the slight reduction in wages which only affects a certain percentage of the total cost, only a relatively small amount from the total. The program is over 70 per cent completed, it is 98.5 per cent, but the vessels yet to be constructed average about 70 per cent, only 30 per cent to be completed. That is like any other construction program. If you build a subway or the Panama Canal, almost anything you could build, you would undoubtedly put on all the men you could to get through and get through the overhead and get it in shape so the only expense would be the maintenance. This program has dragged too long already. At the present time we have only 38 vessels to complete or before when we only had 174 the average completion was 60 per cent and it seems best to me to try to get the program completed as soon as possible.

After the middle of January, a year before this, there had been no general reduction except some cotton mills and a few minor manufacturing plants, and up to January 15 the wages had been based on the Macey award, and I think that stabilized things materially, and it was 25, 30, or 40 per cent lower than in the corresponding trades performing the same exact work in the building trades everywhere in the United States. Since then they have thrown the wages back into the hands of the management, and the management has agreed with the men on the present reduction effective March 15. The present reduction has not been in effect any length of time, and whether they contemplate a further reduction I think depends somewhat on the dropping in cost of living and probably on the supply and demand of labor.

AMOUNT REQUIRED FOR SHIPS THAT ARE TO BE COMPLETED JULY 1.

The CHAIRMAN. How much will it require to complete the 15 ships that you estimate will be completed before July 1?

Commander GATEWOOD. I have estimated the amount of money needed to meet the disbursements for the balance of this fiscal year as \$39,825,000, but, understand, that does not just apply to the 15 ships.

The CHAIRMAN. I understand. Have you made an estimate as to just what it will cost to complete the 15 ships that will be completed during this fiscal year?

Commander GATEWOOD. No, sir; because we do not build up any of the costs in that way. The payments are made to correspond with the different percentages of completion of the contract on each ship.

AMOUNT REQUIRED TO COMPLETE PROGRAM FOR FISCAL YEAR 1922.

The CHAIRMAN. How much will be required to complete the remainder of the program in the next fiscal year?

Commander GATEWOOD. \$29,275,000. About \$4,000,000 less than I gave you in November. I gave you the figure of \$33,000,000 and something.

The CHAIRMAN. It will require \$69,000,000 to complete the building program?

Commander GATEWOOD. Yes, sir; that would not be all the ships.

The CHAIRMAN. Not all the ships?

Commander GATEWOOD. \$54,000,000 of that is for ships, that is, ships in accordance with this table [indicating]; \$10,000,000 is what you might call deferred progress payments.

The CHAIRMAN. Of the \$54,000,000?

Commander GATEWOOD. No, sir; of the \$69,100,000; moneys still due the contractors for vessels completed, which are held back until the vessel has been delivered during a certain probationary period to see that it has no defects; \$3,500,000 for completion of drydocks, and \$1,600,000 only for estimated administrative expenses incident to completion.

The CHAIRMAN. \$3,500,000 is for the completion of the drydocks?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. What was the other?

Commander GATEWOOD. \$1,600,000 for administrative expense in carrying through the program.

The CHAIRMAN. That is, the administrative expense of the Emergency Fleet Corporation?

Commander GATEWOOD. Of the Division of Construction and Repair in carrying through the program, all the inspection, all the office work, the preparation of plans, changes, extras, etc.

The CHAIRMAN. You have a regular division on construction administration?

Commander GATEWOOD. Construction and Repair; they are consolidated.

NUMBER OF OFFICES, MONTHLY ADMINISTRATIVE EXPENDITURES.

The CHAIRMAN. At how many places do you maintain offices?

Commander GATEWOOD. We have 18 repair offices and probably another 15 or 20 inspectors at various manufacturing plants, like the General Electric Co.

The CHAIRMAN. You have a list of all of those, with your force at each place?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. With the salaries paid?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. How do these expenses at each place compare with your salaries paid six months ago, are they about the same?

Commander GATEWOOD. About the same; yes, sir.

The CHAIRMAN. What is the total monthly expenditure for administrative expense in all these places under this division?

Commander GATEWOOD. Right now?

The CHAIRMAN. Yes, sir.

Commander GATEWOOD. \$1,975,000, divided by 12. I am reducing 50 or 60 employees a month on my present pay roll. In July it was \$3,500,000 and it is \$1,982,000. You see it is dropping at the rate of—

The CHAIRMAN (interposing). At some places you have completed construction?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. Have you wiped out your division?

Commander GATEWOOD. In every case, except where the construction is just completed. In each case we keep one or two men to take care of material that is available. The 766 people, as I remember the figures, are people engaged in the management of office buildings—janitors, watchmen, etc.—who are carried on my roll merely for convenience. We get back the wages of all those people by the rentals of the other floors. They are now being operated by the 680 to 690 on May 1. That takes care of the construction program, all of the repair of ships in this country and in foreign countries, except Europe, and there is a maintenance office at every place shown here [indicating].

#### REPAIRS OF VESSELS.

The CHAIRMAN. At what yards are you making repairs at the present time?

Commander GATEWOOD. At what ports?

The CHAIRMAN. You are not doing anything like that at Hog Island?

Commander GATEWOOD. No, sir.

The CHAIRMAN. Or at no other yard where the Government owns the property?

Commander GATEWOOD. We have not sent them any Government repair force at all.

The CHAIRMAN. Under what plan do you make the repairs—employ the men?

Commander GATEWOOD. No, sir.

The CHAIRMAN. You let a contract?

Commander GATEWOOD. We let it by contract under competitive bidding now. It is by means of that that we have been able to reduce the repairs so materially. A year ago it was practically all cost plus.

The CHAIRMAN. The \$69,000,000 has no reference to money paid for the repair of vessels?

Commander GATEWOOD. No, sir; it is all for construction. The \$1,100,000 does take care of the administrative work.

The CHAIRMAN. Then there is nothing included in this item of \$69,100,000 for administrative expenses in connection with repairs?

Commander GATEWOOD. No, sir.



The CHAIRMAN. Then why do you call it the Division of Construction and Repairs?

Commander GATEWOOD. The repair of the fleet has always been paid out of moneys that came in from operations or ship sales or sales of surplus materials, and there has never been a fixed allotment made for the repair and maintenance of the fleet.

The CHAIRMAN. But you have an administrative organization that has to do exclusively with repairs of the fleet.

Commander GATEWOOD. Exclusively, as far as the technical end is concerned, but the clerical end of both are amalgamated and they have the same filing force and the same stenographic force, etc.

The CHAIRMAN. Then they are paid out of this item of expense?

Commander GATEWOOD. No; they are amalgamated. I think you can see that better from this statement. For example, this [indicating] is the home office of construction, including my office and the general office at Philadelphia, which is all construction. This is the repair department in New York. The big office of repairs is at New York and the big one for construction is at Philadelphia. This [indicating] is the repair roll. We keep them separated on the rolls so that I can say at any time that I have 268 people on my repair rolls and the balance I have on my construction rolls.

#### ADMINISTRATIVE EXPENSES FOR REPAIRS OF VESSELS.

The CHAIRMAN. What is the administrative expense for the repair of vessels?

Commander GATEWOOD. It is something less than that right now.

The CHAIRMAN. Very much less?

Commander GATEWOOD. No, sir; of the 700 people on the rolls, about 450 are construction and 250 repairs.

The CHAIRMAN. Then, as a matter of fact, as you decrease your construction administrative expense, by almost the same proportion you are increasing your administrative expense for the repair of vessels?

Commander GATEWOOD. I do not quite understand that question.

The CHAIRMAN. You formerly did not have any administrative expense with regard to repairs at all because you were just building your fleet?

Commander GATEWOOD. Yes, sir; when the program first commenced.

The CHAIRMAN. When you commenced to put ships in commission, then you commenced to create a repair department and you would put men on the rolls who were paid out of the appropriation allotted for repair of the fleet?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. And just about in the same proportion that you have decreased the administrative expense in connection with the building of the fleet, you have increased the administrative expense for repairs?

Commander GATEWOOD. No, sir; nowhere near the same.

The CHAIRMAN. Let us see if you have not. You gave me a moment ago a statement—

Commander GATEWOOD (interposing). We have decreased the construction very much more than we have increased the repairs, Mr. Chairman. The total pay roll now is only about 270 people.

The CHAIRMAN. I thought you stated a moment ago that your administrative expense with regard to repairs was a little less than your administrative expense with regard to the completion of the building program?

Commander GATEWOOD. I did; yes, sir.

The CHAIRMAN. Which is \$1,982,000 for the month of May?

Commander GATEWOOD. No, sir; that is my total roll.

The CHAIRMAN. Is that the total roll for both construction and repairs?

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. And only the portion of the force that is performing administrative duties with regard to the construction is paid out of this estimate of \$69,100,000?

Commander GATEWOOD. Yes, sir; my roll is running at that rate now—something less than \$2,000,000 a year.

The CHAIRMAN. The \$1,600,000 is for construction alone?

Commander GATEWOOD. It will run a little more than that. It will not run \$1,600,000 a year, because that \$1,600,000 is to complete the program.

The CHAIRMAN. That is to complete the program of construction?

Commander GATEWOOD. That will be more than a year, because after all the ships are completed there will be the question of administrative expense carried on in connection with changes, settlement of contracts, and so forth.

The CHAIRMAN. Do I understand then that the annual pay roll of your administrative force with regard to repairs is about \$300,000?

Commander GATEWOOD. No, sir; that figure represents the rate at which our annual pay roll is running for the month of May.

The CHAIRMAN. Both construction and repair administration?

Commander GATEWOOD. Yes, sir. That is just the present pay roll and the rate at which it is running. It will be less the next month.

The CHAIRMAN. Can you tell us what proportion of that is for construction and what proportion is for repairs?

Commander GATEWOOD. Yes, sir; about four-sevenths of that is construction and three-sevenths is repairs, at the present time.

The CHAIRMAN. Will you increase the repair force very much?

Commander GATEWOOD. I do not expect to increase it at all, and I expect to decrease the construction force constantly every month, as the program completes.

#### MONTHLY EXPENSE OF REPAIRS OF SHIPS.

The CHAIRMAN. What is the monthly expense for repairs in the yards?

Commander GATEWOOD. The total expense right now?

The CHAIRMAN. Yes; per month.

Commander GATEWOOD. It is running about three and a half million dollars per month, sir.

The CHAIRMAN. Then if we keep up wages in the yards, we are going to keep right along keeping up this large repair expense, and that is practically all labor, is it not?

Commander GATEWOOD. Oh, no; not more than 60 or 65 per cent.

The CHAIRMAN. Sixty or 65 per cent of the item of repairs?

Commander GATEWOOD. Yes, sir; between 60 and 65 per cent is for labor.

The CHAIRMAN. Sixty-five per cent labor and 10 per cent profit?

Commander GATEWOOD. That is a matter for some one to decide higher than I am, whether the Federal Government wants to take the responsibility of directing what the wages of the country shall be. That is a matter that rests right here, sir. It does not rest with me.

The CHAIRMAN. Is the repair item now abnormal with regard to the repair of these ships?

Commander GATEWOOD. I would not say it was abnormal, Mr. Chairman. It is higher than it ought to be, and it is getting less all the time.

The CHAIRMAN. You are beginning now to obtain some idea with regard to the manner in which the ships were constructed. Does the repair expense indicate that many of these ships were poorly constructed?

Commander GATEWOOD. No, sir. The repair expense, so far as that phase of the construction program is concerned, indicates that in general the hulls are very well constructed. The motive power of the ships in many cases is well constructed but in not every instance is the motive power particularly well adapted for merchant ships. It is not sufficiently rugged in design, but it was the best that could be obtained at the time when the facilities for all that kind of work were already overtaxed. To be specific, I mean we are having a great deal of trouble, and will continue to have, I believe, with vessels equipped with Westinghouse turbines. The turbines are all right enough, perhaps, when they are handled by high-class operating personnel. For example, Westinghouse turbines have not given a great deal of dissatisfaction in the Navy where they are being handled almost entirely by graduates of the Naval Academy and by the engineering forces, but you can not get that kind of people in the merchant marine, and these turbines are entirely too delicate and subject to too much adjustment and to too much wear and tear in ordinary merchant ship work for a merchant marine. The essence of a merchant marine is reliability and you do not get it in that type of turbine. You do get a very much higher reliability in the General Electric turbine, for example, but unfortunately, the General Electric turbine was installed in many cases with a General Electric gear for reducing the turbine speed down to the speed of the propeller, and in a very large percentage of the original General Electric installations the gears went bad, so they will have to be improved and renewed.

We will have to replace a very considerable number of turbines or gears, or both, as far as that part of the machinery is concerned. On the boiler side of it, we overtaxed the boiler facilities of the country in building boilers, so far as the Scotch boilers were concerned, and had to go to water-tube boilers. The operating personnel of the merchant marine were not used to water-tube boilers in general, and while several of the types of boilers have held up pretty well, very well considering the handling they have received, others have not and probably would not even under the best handling, so we will have to replace a number of boilers. But we were expecting to be able to do that out of current incoming funds, as part of the general maintenance

of the fleet, as part of the repairs, just the same as when you have too much trouble with a lock on a door in a house and you keep repairing it all the time, you take it off and put on a new lock, and that is a part of the maintenance of the house and not a new cost. To some extent during the past year we have replaced certain turbines and a good many gears and some boilers, and that will have to go on in a more or less routine, normal way, until we correct the major troubles in the fleet; but in general the high cost of repairs is not due, in my judgment, to construction defects.

The CHAIRMAN. Commander, how about the vessels you are now completing; are you installing the Westinghouse turbines?

Commander GATEWOOD. On virtually none of them. They are nearly all of them reciprocating engines with Scotch boilers. That is also put down in this table.

#### FAULTY OPERATION OF PUMPS ON VESSELS.

The CHAIRMAN. On a vessel that was put in commission a short time ago, and the one, I think, on which Gen. Wood sailed——

Commander GATEWOOD. The *Wenatchee*.

The CHAIRMAN. Yes; there was some trouble on that ship, according to newspaper reports. What was the matter there?

Commander GATEWOOD. The trouble was practically entirely due to the pumps as far as material was concerned and was due to inefficient operation as far as personnel were concerned.

The CHAIRMAN. The pump is a very small part of the machinery.

Commander GATEWOOD. It sounds that way, sir; but this was the trouble: The pumps that pump the water in the boilers and feed the boilers were not operated at their proper capacity, and due to poor operation, more than anything else, certain valves were not opened as they should have been or opened as wide as they should have been, and the pumps were allowed to pump a lot of air instead of water. The result was that when they did correct the trouble and the water did come, it came too fast. They could not find the water in their boilers, and they wanted some water, and so they turned salt water into the boilers. When salt water gets into the boilers and you get your steam up again and your water up where it belongs, your boiler is primed and throws water over your engines or, in this case, over your turbines, and when you do that, the salt precipitates in the turbine and gets on the blades in the form of a sort of salt scale and the steam does not go through the blades properly and you get a jam all along the line. It was primarily the pumps which caused the trouble, and it was also bad operation, because they had no business to operate them in that way. That can be fixed, and it may be we will have to increase the size of those pumps. That matter is being looked into now.

The vessel is at Yokohama. The vessel went through her trials perfectly and through very exacting trials, and there was no trouble on her trials in maintaining a speed very much higher than she was trying to maintain in going across the ocean, and all her sister vessels have been through their trials very satisfactorily with the same pumps and under the same conditions. She is at a little long range now to get all the details, but the details we have received by cable

indicate that 80 per cent was bad operation and the other per cent was due to trouble with the pumps, and due to the trouble with the pumps the turbines got salted up. They have been boiled out and the salt gotten out of them and they are operating now all right.

#### REPAIR OF VESSELS BY CONTRACT.

The CHAIRMAN. You say you let out the repair work by contract ?  
Commander GATEWOOD. In practically every instance; yes, sir.

The CHAIRMAN. There is no use in speeding up on repairs of vessels that are tied up?

Commander GATEWOOD. No, sir; we are not speeding them up; we are tying them up and not repairing them.

The CHAIRMAN. How about tying up a vessel in salt water? Does the vessel deteriorate more quickly in salt water than in fresh water?

Commander GATEWOOD. The underwater part of the vessel does: yes, sir; but not a great deal.

The CHAIRMAN. Where are you tying up these vessels?

Commander GATEWOOD. In every case where we can, well up from the river so that we can get into brackish or fresh water as far as possible; Hampton Roads, for example.

The CHAIRMAN. Are you simply tying up the new vessels you are putting out now?

Commander GATEWOOD. In a good many cases they are being tied up.

The CHAIRMAN. All the cargo vessels you are tying up, largely, are you not?

Commander GATEWOOD. Yes, sir.

#### COMBINATION CARGO AND PASSENGER VESSELS.

The CHAIRMAN. The combined cargo and passenger vessels you are putting into commission?

Commander GATEWOOD. Right away; yes, sir. They are very much needed, primarily, for passengers. I do not know whether you want this to go on the record or not, but a rather interesting thing has developed in connection with those vessels. They were changed into combined cargo and passenger vessels at a time when cargo was offering in very large amounts, and what is called the between-deck space of those vessels was reserved for cargo. Cargo is no longer offering in such amounts, nor does it give any prospect of offering for some time to come, but passenger accommodation is scarce, particularly third-class and steerage accommodations, which could be readily put into those between-deck spaces. Therefore, practically all the operators to whom we are allocating these combined passenger and cargo vessels are asking that that between-deck space, formerly reserved for cargo, be turned into third-class and steerage accommodations, in order that we may get revenue out of it, because otherwise they would have to go empty. We find we are able to do that at a very reasonable cost due to the high competition prevailing now in repair yards, owing to the small volume of work, and we have already begun to change that space over into passenger accommodations instead of cargo.

The CHAIRMAN. Is that included in this item of \$69,000,000?

Commander GATEWOOD. No, sir; that is considered a repair.

The CHAIRMAN. In this estimate for next year and for the balance of this year, how much are you including for the repair of vessels and for the making of these changes?

#### BARE-BOAT CHARTER.

Commander GATEWOOD. Nothing. I tried to explain that the last time I was down here, by saying that it is entirely impossible now to estimate what it would be, even if we tried. If, for example, as the Admiral stated this morning, there is a bare-boat charter plan worked out, the normal present plan of bare-boat charter in the commercial marine world makes the charterer make the repairs a part of his expense. So that if all the fleet were bare-boat chartered, for example, practically all of the expense of repairs, except the administrative expense of inspecting the fleet, etc., and assisting in a staff capacity for the various operators, would have to be paid by the charterers.

The CHAIRMAN. What do you mean by bare-boat charter?

Commander GATEWOOD. The same as you rent a house, virtually, unfurnished, just with the very essential things. That would be a bare-boat charter.

The CHAIRMAN. And under that plan, if there is loss in operation, the company having the charter of the boat would bear the loss.

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. We have not been chartering many vessels under that plan?

Commander GATEWOOD. Very, very few. The rates have been dropping so fast that nobody knew what they could charter a boat for and make money, and our American operators have not had very much experience in chartering vessels except from foreigners, and only then at times when conditions were very different from what they are now, and we have never had any vessels of our own to charter before.

#### ESTIMATED AMOUNT TO COMPLETE BUILDING OF SHIPS.

The CHAIRMAN. In estimating you will need \$54,000,000 to complete the building of the ships, is that estimate based on the present wage scale in the various yards?

Commander GATEWOOD. The present one; yes, sir; I have taken off of the original estimates submitted last November some \$17,000,000 to correspond with the reduction in wages effected March 15, the increased efficiency in shipyards from April 1 on, because the yards are getting better all the time; and by the way, sir, that is from April 1, Mr. Chairman—

The CHAIRMAN. If they are getting better all the time, we can safely take off a little more, can we not?

Commander GATEWOOD. I do not know whether you can or not. I do not believe, Mr. Chairman, it would be wise at the present time to arbitrarily order wages reduced in shipyards.

The CHAIRMAN. I understand, but if the efficiency is improving and it will likely continue to improve for a while, that would still operate as a further reduction in this cost which you have estimated?

Commander GATEWOOD. I have estimated that in this way, sir: On the basis of November, when we asked for \$163,000,000 to complete, and assuming no reduction in wages and no increase in efficiency we have actually spent \$76,874,000 since then—that is the amount disbursed to contractors—leaving a total of \$86,387,000 to complete. If there had been no reduced wages and there were to be no increased efficiency—and that increased efficiency will not be so marked from April 1 on as it has been from November 1 to April 1, because the yards are now back to pretty nearly normal efficiency, then we would have needed \$86,000,000, but I have taken off about \$17,000,000, or a total of 20 per cent for savings due to increased efficiency and reduction of wages and certain credits which are still due us, which it is almost impossible to estimate now, but which I think we have estimated very conservatively, and I have only asked for \$69,100,000. I do not think we can go very much below that, sir. If we can, it will develop as the months go on. We are virtually \$17,000,000 better off than we expected to be when we were before you in December.

#### DEFERRED PROGRESS PAYMENTS.

The CHAIRMAN. You have set aside \$10,000,000 for the deferred progress payments on ships that have been delivered.

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. When will that have to be paid?

Commander GATEWOOD. That will have to be paid from time to time as the probation periods of the ships are completed. In December we set aside \$20,000,000 for that purpose, but we have only asked for half of that amount now.

The CHAIRMAN. What is the probation period?

Commander GATEWOOD. It is something like this: After a ship is delivered a certain amount of the total payment is withheld from the contractor for from four to six months after it is entirely completed, to see that the ship stands up to her contract requirements and acts well in service.

The CHAIRMAN. About what is that percentage?

Commander GATEWOOD. It is a small percentage.

The CHAIRMAN. As much as 5 per cent?

Commander GATEWOOD. It is a little more than that in some cases. It will probably average 7 or 8 per cent.

The CHAIRMAN. Then on this program that you have now where you are asking for \$54,000,000, you will have deferred progress payments?

Commander GATEWOOD. That \$54,000,000 covers everything when we finally get through.

The CHAIRMAN. I understand, but of that amount there will be from \$3,000,000 to \$5,000,000 that you will not need for from three to six months after the various boats have been completed. I mean, that is the amount in the aggregate.

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. And part of that will not be paid until the latter part of the next fiscal year.

Commander GATEWOOD. Yes; the latter part of the next fiscal year.

## DRY DOCKS.

The CHAIRMAN. Then you say you are completing some dry docks. Where has the Emergency Fleet Corporation been building dry docks.

Commander GATEWOOD. They are all on the east coast and there yet remain docks to be completed at Narragansett, Kingston, and in the vicinity of New York. There are two plants building, the Hagens and the Atlantic and Gulf. They are virtually suburban New York, because one is Staten Island and one is Long Island.

The CHAIRMAN. How many dry docks have been constructed by the Fleet Corporation since we commenced this program?

Commander GATEWOOD. Dry docks actually constructed by the Fleet Corporation themselves?

The CHAIRMAN. Yes; constructed either by the Fleet Corporation or the Shipping Board. I suppose all this work is done by the Fleet Corporation.

Commander GATEWOOD. What is in my mind is that some of the docks were constructed by private yards and were financed by the Government.

The CHAIRMAN. In what way were they financed by the Government? Did the Government furnish all the money to build them?

Commander GATEWOOD. No; not all the money. The money was loaned in different amounts to agree with the liability of the contractor, the type of the dock, etc. For example, at Galveston a dock was built that cost about \$1,500,000, and the Government advanced on that work, roughly, \$600,000. A dock was built at New Orleans by a private contractor that cost something less than that, and the Government advanced a proportion of that cost.

The CHAIRMAN. Can you put in the record a table that will show the total number of docks constructed where the Emergency Fleet Corporation will own the docks, and the cost, in one column; and also a column indicating those that may have simply been loaned a proportion of the money and also show the amount to which we have helped finance the building of the docks.

Commander GATEWOOD. Yes, sir.

The CHAIRMAN. When you finance the building of a dock, do you take a mortgage on the plant?

Commander GATEWOOD. Yes, sir; a first mortgage.

The CHAIRMAN. Are the payments of principal or interest being made on these propositions that were financed by the Government?

Commander GATEWOOD. Practically all but one or two, and that is a matter that will have to be taken up as a policy matter when the new shipping board is appointed.

The CHAIRMAN. Are you letting additional contracts for the building of more docks?

Commander GATEWOOD. No, sir; these were all contracts that were entered into last spring before I came with the board, every one of them. There have been no new contracts entered into for ships or docks since last July.

The CHAIRMAN. Do you have before you the total amount which the Government will have invested in these docks, either as owners or as investors through having made these loans?



Commander GATEWOOD. No, sir; I have not that before me, but I can get that information for you. The docks we are building are being built from lumber taken out of the excess material under the wooden-ship program. They have taken that lumber and turned it over to the contractors, who have resawed it in sizes for use in the docks. It is very excellent lumber, and they will get wonderful docks out of it. It was a fine piece of salvage work.

The CHAIRMAN. They are not concrete docks?

Commander GATEWOOD. No, sir; they are floating wood docks.

The CHAIRMAN. How many of them are you building?

Commander GATEWOOD. We have completed thus far four, and there are six yet to be completed in various yards. We will have them all completed by the 1st of August.

Mr. BUCHANAN. How long will a floating wooden dock last?

Commander GATEWOOD. That depends on where it is to be. In northern Atlantic waters they ought to last 40 years. There are docks in New York Harbor right now 40 years old. In southern waters, or in Gulf waters, they will not last so long on account of the teredo.

Mr. BUCHANAN. Will they last 20 years?

Commander GATEWOOD. Twenty years is a very conservative estimate. They ought to last longer than that with proper care. We are depreciating the docks on a basis of 20 years.

The CHAIRMAN. Are these floating docks large enough to take the combination cargo and passenger vessels?

Commander GATEWOOD. No, sir.

The CHAIRMAN. Just the cargo vessels?

Commander GATEWOOD. They will take all the cargo vessels and nearly all the tankers. They will take probably 85 per cent of the total.

The CHAIRMAN. Will you have to provide dry docks at places where you will repair the combination cargo and passenger vessels?

Commander GATEWOOD. No, sir; they will be docked in navy yards and private yards.

The CHAIRMAN. There are ample facilities for that purpose?

Commander GATEWOOD. I think so; yes, sir. I might say that I think the docking program of the Emergency Fleet Corporation is one of the strongest military assets that we have. Because of the building of those docks and the distribution of them, we have for the first time in this country ample docking facilities to meet our requirements, both for military and mercantile purposes. We can dock in them all of our destroyers and auxiliary craft in the Navy. They will be a wonderful asset in time of war.

The CHAIRMAN. But you can not dock in them the larger ships?

Commander GATEWOOD. No, sir; only the 10,000-ton ships, but they will serve to release docks for the larger ships.

The CHAIRMAN. I understand that you have not made any estimate here for repairs?

Commander GATEWOOD. No, sir.

The CHAIRMAN. You are expecting them to be paid for out of operations?

Commander GATEWOOD. Yes, sir.

## WAGES PAID AT THE DIFFERENT SHIPYARDS.

The CHAIRMAN. I asked for a table showing the comparative wages paid. Have you that table?

Commander GATEWOOD. Yes, sir.

(The table referred to is as follows:)

NOTE.—Finding that we have not time to finish our detailed statement of the wages paid at the different shipyards requested in your memorandum of May 2, I am sending herewith the following information with reference to wages in shipyards from January, 1917, up to the present time:

## ATLANTIC COAST.

1917. Average hourly rate for all crafts in Atlantic coast shipyards January, 1917.....	\$0. 3005
Yearly average hourly rate for 1917 for all crafts.....	. 3305
1918. Yearly average hourly rate for all crafts for 1918.....	. 5447
1919. Yearly average hourly rate for 1919.....	. 6697
1920. Rates remain about the same as 1919.....	
1921. General decreases begun until at present there is an approximate 10 per cent general decrease.....	. 6000

In all crafts in practically all American shipyards on the Atlantic coast there is approximately a 10 per cent general decrease on the 1920 rates, this decrease being effective March 15 in most all cases.

## PACIFIC COAST.

1917. On the Pacific coast the 1917 rates both for January and the general average hourly rate for the year were approximately 10 per cent higher than the Atlantic coast rates.
1918. In 1918 the Pacific coast rates were about the same as the Atlantic coast rates, the Atlantic coast rates having been increased in greater proportion.
1919. In 1919 they remained the same as the Atlantic coast.
1920. Same as 1919 except in northern Pacific 10 cents an hour increase was made in most northern Pacific yards (Seattle and Portland).
1921. No decreases have been put into effect over the 1920 rates except that the northern Pacific yards struck off the increase which they had put in in 1920 over the Macy rates.

I think it will be perfectly safe to use the figures given for the Atlantic coast as applicable to the whole country, for while they are approximate, they are not far off and could be used for the purposes for which they are needed by the committee as being the situation.

If there are any points which need clearing up please advise us and we shall be glad to assist you in any way possible.

J. C. JENKINS,  
*Assistant to Director.*

The CHAIRMAN. Do you desire to say anything further with regard to the building program?

Commander GATEWOOD. No, sir.

## WAGES.

The CHAIRMAN. Do you wish to say anything with regard to wages?

Commander GATEWOOD. Yes, sir; I would like to make a statement on wages: At the present time the Shipping Board has taken the position, or since the middle of January when wages began to fall generally all over the United States, that they would put the matter of wages back into the hands of the management of the plants. At that time, or shortly after that, the managements consulted with their men, and they mutually agreed upon a 10 per cent reduction effective

March 15. There has not been a general and corresponding reduction in the building trades wages, and since practically all of our ship yards are located in large building centers, and since the shipyard work is growing less all the time, and the building trades work more and more all the time, the predominant work in all those centers is practically in the building trades.

In many of those centers there are navy yards where the wages are materially higher than the current wages in the private shipyards, but still very much less than similar wages in the building trades. Now, in view of the fact that we have avoided the policy of arbitrarily directing any longer what the wages shall be, and since the Shipping Board is not the primary customer industrially in any community, I do not know that the board would get very far if it tried to reduce the wages when its proportion of the wages was relatively very small, or possibly not more than 15 or 20 per cent. Of course, if they should cut the wage rate below the navy-yard wages any more than they are now, making them still further below the building trades wages, they would only get the class of men who could not go into the building trades. In other words, they would be the scum of the labor market in any given community. At the present time the building trade wages are from 30 to 35 per cent higher in every community where we are building ships.

The CHAIRMAN. But, according to this statement, the wages in 1917 were 30 cents per hour and they went to 67 cents per hour at the highest peak. You have only come down to 60 cents per hour, which means an average of about 7 per cent reduction from the highest wages paid during the war.

Commander GATEWOOD. In wages per man, and that is all it is, but in the return from those wages we get very much more than that.

The CHAIRMAN. You get more efficiency?

Commander GATEWOOD. Much more. I will say now, and I do not think it will be contradicted by any of the reputable shipbuilders in the United States, that the wages paid in shipyards prior to the war were too low at every place. They were not only too low for the men to live on, but they were so low that they only attracted a grade of men who were not of the kind that ought to be employed in building ships. I might say, also, that all of the better men in the shipyards before the war were not working on day work at any place, except at the navy yards. They were working on the piecework basis, and those wages you have there do not reflect the earnings of the men at all. They only reflect the average wage paid to the hourly basis men. They do not represent the earnings of the better men in the shipyards who worked on the piecework basis. Practically all of the ship construction was done on the piecework basis.

#### CASH ON HAND AND OUTSTANDING OBLIGATIONS.

The CHAIRMAN. Mr. Tweedale, if it will require only \$69,100,000 with which to complete all the ships and to pay the deferred payments on ships already built, to complete the dry docks and pay all the administrative expenses in connection with the building and repair of ships during the period covered by the time within which you propose to complete the building program, then why do you need \$36,862,000 for the rest of this year and \$134,000,000 for next year?

Mr. TWEEDALE. We do not need it, in view of Commander Gatewood's statement.

The CHAIRMAN. Do you need the \$69,100,000?

Mr. TWEEDALE. For that particular purpose.

The CHAIRMAN. For all purposes?

Mr. TWEEDALE. No, sir; not for all purposes, but for this particular work.

The CHAIRMAN. What other work have you?

Mr. TWEEDALE. There is a statement that Commander Gatewood has not given you. We made up a statement as of March 31, believing that we could give you a statement of it, and believing that we would be called upon in a few days, but we found that there would be a delay and that we would not be here as soon as we anticipated. Therefore, this last week we made a telegraphic call on all of our offices for complete statements of cash as of the present moment, and also of the obligations that are outstanding. Now, I have that statement, which has just come in, and that statement shows that on April 30 we had on hand \$26,000,000, and that we had total outstanding obligations pending at that date of \$40,000,000, so that on April 30 our obligations were in excess of our cash by \$13,988,000.

The CHAIRMAN. Referring to the obligations of \$40,000,000, they include, of course, the \$10,000,000 of progress payments?

Mr. TWEEDALE. I am not positive on that point.

The CHAIRMAN. That was an obligation?

Mr. TWEEDALE. You understand that in making this statement I am making a combined statement of the general cash on hand and the obligations, embracing both construction and operations. I find in going over this statement that under construction there is due the Navy Department \$3,183,000 and under operations there is due the Navy Department \$13,000,000, or a total of \$16,183,000.

#### REPAIRS AT NAVY YARDS.

The CHAIRMAN. What is the item of \$13,000,000 under operations for?

Mr. TWEEDALE. For repairs.

The CHAIRMAN. Are you having much of your repairs done in navy yards?

Mr. TWEEDALE. During the time of the hearings last year it was stated that we were doing quite a little repair work at navy yards.

The CHAIRMAN. I have a statement somewhere which shows that the navy yards are practically violating the spirit of the law which requires that they shall not pay higher wages than are paid by like establishments in their vicinity. While shipbuilding yards that are building these ships for you are paying 75 cents or 80 cents per hour, they are paying over \$1 per hour. If that is the case, why are you having repairs done where it costs so much more.

Mr. TWEEDALE. As I understand the statement that was made at the last hearing, they were using navy yards in the work of repairs so as to hold down the contractors on the outside.

The CHAIRMAN. That is strange, if they are paying 25 per cent more for wages of employees in the navy yards. If they do that, instead of holding the contractors down it will have the effect of

pushing the contractors up to the high wages that the navy yards are paying.

Mr. TWEEDALE. It was only a temporary measure, as I understood it. There is practically very little work going on at the present time in the navy yards.

The CHAIRMAN. There ought not to be until the navy yards learn that they must enforce the laws and until they commence to reduce wages in the navy yards.

Mr. TWEEDALE. The commander has just testified that our work is now practically all being done on competitive bids by contractors. There has been a very material change in the plan of making repairs, and it looks as if the cost of repairs will be very materially reduced in view of the changes that have been made.

The CHAIRMAN. What was the other item in navy yards for?

Mr. TWEEDALE. The other item was under construction, amounting to \$3,183,000.

The CHAIRMAN. Making all told \$16,183,000?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. What did you have constructed there?

Mr. TWEEDALE. They were constructing tankers at the Newport News Shipbuilding Co.'s yard. The tankers were being built under contract with the Navy Department.

The CHAIRMAN. You are not paying them at this time, are you?

Mr. TWEEDALE. They press us quite a little, but we tell them that we do not have the money.

The CHAIRMAN. You are not likely to have it for some time to pay bills contracted at those rates.

Mr. TWEEDALE. I am not familiar with the rates they are paying at the navy yards. The commander testified very definitely about that at the last hearing, as I recall.

The CHAIRMAN. I wish you would ask Commander Gatewood to put in the record a comparative statement showing the wages that are being paid in navy yards at the present time for mechanics and the wages paid like employees at private yards.

Mr. TWEEDALE. Yes, sir; I will do so.

*Comparative report of wages paid per hour in repair yards May 1, 1921.*

**Mechanics:**

Average wage paid in private yards.....	\$0.72
Average wage paid in navy yards (until July 1, 1921).....	.93½
Average wage paid in navy yards (after July 1, 1921).....	.84

**Mechanic's helpers:**

Average wage paid by private yard.....	.45
Average wage paid by navy yards (until July 1, 1921).....	.66½
Average wage paid by navy yards (after July 1, 1921).....	.57

The private wages paid represent a reduction of 10 per cent made in the Macy scale about April 1, 1921, in all shipyards.

Navy-yard rate is composed of Macy scale, plus 5 per cent, plus 76 cents per diem bonus. Practically all employees receive bonus. The bonus, however, will be removed July 1, 1921.

The CHAIRMAN. You are not having any more construction work or repair work done at navy yards?

Mr. TWEEDALE. They are finishing that contract at the Newport News Navy Yard, and that is all the construction work that the Navy Department is doing. They are doing that through a private

corporation. There is still one ship under repair, but that is practically completed. We are not having work done in those yards now, but we are doing the work by contract with private individuals.

The CHAIRMAN. What else have you?

Mr. TWEEDALE. If you will recall those figures, that makes \$40,000,000 for obligations. Our cash balance from every source, and we scraped everything, is \$26,000,000, which shows obligations in excess of cash to the amount of \$13,988,000. Now, we know from experience that at the close of every period we have been carrying obligations forward; that is to say, we do not at the close of the fiscal year clean up all the obligations to the last day of June, but they run over into the next year. If we pay those obligations which are outstanding during the month of May, and the current expenditures, which will be more than \$10,000,000, it will make the total obligations that we have got to pay, or the obligations outstanding on April 1, plus \$10,000,000 in the month of May plus \$30,000,000 in June, \$80,000,000. Of that \$80,000,000, we have \$26,000,000 on hand, and it is estimated that we will collect during the balance of this fiscal year at least \$18,000,000.

The CHAIRMAN. From what?

Mr. TWEEDALE. From various sources.

The CHAIRMAN. During what period?

Mr. TWEEDALE. During May and June. The \$18,000,000 plus the cash on hand of \$26,000,000 will give us \$44,000,000, and our expenditures and obligations outstanding will amount to \$80,000,000. The difference is the \$36,000,000 deficiency item that we have submitted.

The CHAIRMAN. As I recall, the commander estimated that the amount required during this fiscal year for construction was \$39,825,000. If you subtract what you owe the Navy Department, you will have \$24,000,000, and if you add that amount to the \$39,800,000 you will have something less than \$64,000,000, and you have \$44,000,000 with which to pay it. Therefore, you would need about \$20,000,000 to clean up at the end of this fiscal year, and you would still owe the Navy Department \$16,000,000.

Mr. TWEEDALE. We did not anticipate paying as much as \$39,825,000 during this fiscal year.

The CHAIRMAN. No; you would defer a part of that during the test period of the 15 ships to be built during this time.

#### DEFICIENCY FROM OPERATION OF SHIPS.

Mr. TWEEDALE. Yes, sir. We have a deficiency from the operation of ships during the last three months of about \$18,000,000.

The CHAIRMAN. Is that continuing?

Mr. TWEEDALE. It is getting less right straight along, and we anticipate that when we get further down toward the close of the next fiscal year we will be able to catch up.

The CHAIRMAN. It will likely continue to be a good deal less than that, will it not?

Mr. TWEEDALE. No, sir; I do not think so, because my observation is that everything that can humanly be done is being done to reduce the expense of operating the ships.

The CHAIRMAN. Except to let that kind of contract for the operation of ships that you and I would let if we owned these Government

ships. I took up one of those contracts some time ago and tried to analyze it; and, unless I am mistaken, a corporation that owns, we will say, 10 ships, upon finding that it is running those ships at a big loss—that is, if they are sending them out with only a small part of a cargo or with only a small part of the space occupied—would tie up those 10 ships and go to the Shipping Board and get two or three ships, or the number that would be sufficient with the reduced demand for shipping, and they would carry on their commerce on the routes that they think they ought to maintain. They would charter those ships, and under the terms of the contract if there were a loss the Government would pay it.

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. If there is a profit, then they divide it under certain rules. Now, I undertake to say that those corporations running those ships are not manned by men who are not wise from the practical standpoint of operating their ships, and if those contracts permit them to do that thing, that is the thing they are doing, and have been doing right along—that is to say, they are tying up their own ships and discharging their men, and taking the Government ships and running them at a loss, and the Government is paying the loss.

Mr. TWEEDALE. Mr. Chairman, I hope you will take that up with the gentlemen in charge of the operations.

The CHAIRMAN. I want to know from you, the comptroller who is going over these accounts, whether the construction I place on the contract is a strained construction?

Mr. TWEEDALE. No, sir; you could get that construction out of it; but that point is known to the officials of the Shipping Board and they are guarding against it. I would like you to speak to the gentlemen in charge of operations about that, because when they make those contracts they are made through the operating division. I do not know whether you called attention to it at the last hearing or not, but it was stated that where a man had ships of his own and had ships of the Shipping Board allocated to him, he was laying up his own ships and operating the ships of the Shipping Board at a loss, because if there were any loss, he thought the Government had as well stand it. As a matter of fact, we have analyzed that situation very carefully, and that sort of thing is not going on.

The CHAIRMAN. Of this amount, how much have you estimated you will require for the rest of this year for losses?

Mr. TWEEDALE. \$18,000,000.

The CHAIRMAN. For what period?

Mr. TWEEDALE. From April 1.

The CHAIRMAN. It must be still going on.

Mr. TWEEDALE. There is a loss going on. There is no question about that, but that loss is a loss on account of the operation of trade routes that after very careful consideration the officials of the Fleet Corporation feel they must continue in order to carry out the law. They have withdrawn all the ships that they think it is possible to withdraw, and the admiral stated this morning that they have allocated ships because he believes the time has come when we are getting normal and will make some money, or at least break even, and he advised me that if there was a loss on a 10,000-ton

steamer in operation of not in excess of \$1,500 for a voyage, it was much better to operate that ship than to tie it up, because it would cost that much at least to take care of the ship.

The CHAIRMAN. If you are breaking even now, then you do not need the \$18,000,000 that you spoke of some time ago?

Mr. TWEEDALE. We need the \$18,000,000. I desire to call your attention to what the admiral said. As I understood, he allocated 22 ships this last month because in this particular case those ships would break even, at least save money. We have in operation right now over 600 ships, and we have laid up 665 steel ships.

The CHAIRMAN. You have how many laid up?

Mr. TWEEDALE. Six hundred and sixty-five.

The CHAIRMAN. How many steel ships have you in operation?

Mr. TWEEDALE. It is over 600. I thought I had that. But, Mr. Chairman, you take 665 ships at \$1,500 a month, and you have quite a sum of money to provide just for taking care of ships while laid up.

The CHAIRMAN. Yes; you have something, but that is not anything like what it would be if you were running at a loss?

Mr. TWEEDALE. No.

The CHAIRMAN. \$100,000 or \$200,000 a voyage?

Mr. TWEEDALE. No; but we are not operating at a loss on any one of the trades anything like that.

The CHAIRMAN. How about the combination and cargo ships put on the Pacific; are you operating them?

Mr. TWEEDALE. At a small profit.

The CHAIRMAN. That is a matter that we will want to go into with the Division of Operations.

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. How much of the \$39,825,000 that will be due for ships do you expect to complete during the remainder of the year; that is, that you are estimating that you will pay during the year?

Mr. TWEEDALE. Our estimate was \$41,600,000, which took \$39,300,000 for steel ships, \$323,000 still due on wood ships, \$484,000 still due on concrete ships, and \$1,460,000 for ships that are being constructed in China.

The CHAIRMAN. When did you get the last delivery of your wood ships?

Mr. TWEEDALE. It has been some months ago, Mr. Chairman.

The CHAIRMAN. They have all been delivered finally?

Mr. TWEEDALE. Yes, sir; every one of them.

#### CONCRETE SHIPS.

The CHAIRMAN. Have all of the concrete ships been delivered?

Mr. TWEEDALE. They are delivered or canceled; yes, sir.

The CHAIRMAN. Are any of them afloat that have been delivered?

Mr. TWEEDALE. We sold one that was not afloat.

The CHAIRMAN. Have any more sunk since?

Mr. TWEEDALE. No, sir.

The CHAIRMAN. What do you do with them?

Mr. TWEEDALE. They are tied up.

The CHAIRMAN. You have them tied up so that they will not sink?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. How are they?



Mr. TWEEDALE. They are all right. Of course, they are very brittle and if they bump against anything they will break; there is no question about that. They will not bend.

The CHAIRMAN. But they will sink?

Mr. TWEEDALE. Yes, sir; absolutely; if they get a hole in them they will sink.

The CHAIRMAN. None of them is in operation?

Mr. TWEEDALE. I think there was one tanker that was being operated.

The CHAIRMAN. How many of them have you?

Mr. TWEEDALE. I can not tell you how many we have in operation.

The CHAIRMAN. Forty-three all told?

Mr. TWEEDALE. No, sir.

The CHAIRMAN. You never sold one?

Mr. TWEEDALE. We sold one recently, I know. There were only 12 concrete ships completed.

The CHAIRMAN. Twelve is the total finally completed?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. Have all of these ships from China been delivered?

Mr. TWEEDALE. Only one has been actually delivered at the present time, I am told.

The CHAIRMAN. Your total program for payment on ships of all kinds during this fiscal year is \$41,666,810.63?

Mr. TWEEDALE. Yes, sir.

#### CLAIMS FOR CANCELED CONTRACTS.

The CHAIRMAN. What else did you say you need money for?

Mr. TWEEDALE. It has been estimated, in addition to the payments on ships, that we would require about \$7,500,000 for construction and requisition claims.

The CHAIRMAN. That compares with the item that the commander gave this morning of \$10,000,000 that was owing for ships that had been delivered?

Mr. TWEEDALE. No; these are claims for canceled contracts which have not been settled.

The CHAIRMAN. For canceled contracts?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. You have not agreed upon this amount yet?

Mr. TWEEDALE. No, sir. Some of them have been settled and adjusted. There is \$1,452,000 that has been adjusted and await payment.

The CHAIRMAN. All told?

Mr. TWEEDALE. Yes, sir; awaiting settlement.

The CHAIRMAN. This is the estimated amount that will be required to complete the payment of all claims for canceled contracts?

Mr. TWEEDALE. No, sir. The total claims for canceled contracts, as I recall, on the claims which have been presented, is \$87,451,000.

The CHAIRMAN. You do not allow the full amount of these claims?

Mr. TWEEDALE. No, sir.

Mr. BYRNS. Have any of them been settled?

Mr. TWEEDALE. There have been a lot settled. These are the claims on the construction side alone.

Mr. BYRNS. I understood you to say that you had \$1,452,000?

Mr. TWEEDALE. Yes, sir; that comprised a number of claims.

Mr. BYRNS. What would the percentage be, from your experience?

Mr. TWEEDALE. I have not that information with me; I could not give that to you.

The CHAIRMAN. How much of the estimate that you make for the next fiscal year is for payment for ships?

Mr. TWEEDALE. How much is for ships in the next fiscal year?

The CHAIRMAN. Yes, sir.

Mr. TWEEDALE. We had placed \$60,000,000 in the estimate, excluding \$41,666,000. Commander Gatewood testified that we will need for ships completed for the next fiscal year \$29,275,000. We had our estimate checked out through the Construction Division, and believed that that figure was the correct figure, but Commander Gatewood said that he had gone over the figures, and the figures which he has given can be absolutely depended on. The total is \$69,100,000.

The CHAIRMAN. \$69,100,000 includes the \$41,666,000 that you say you will need, does it not?

Mr. TWEEDALE. Yes, sir. Out of the \$41,666,000, \$39,825,000 is the item for this year that Commander Gatewood has said he would need, but in this \$60,000,000, \$134,000,000 estimated wants to be reduced by \$30,725,000 according to Commander Gatewood's figures.

The CHAIRMAN. Commander Gatewood has said that the total amount he will need is \$69,100,000?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. And you figure here that you will need for this year \$41,666,000?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. If we subtract that from \$69,100,000?

Mr. TWEEDALE. That gives \$27,434,000.

The CHAIRMAN. So instead of \$60,000,000 the estimate of \$134,000,000 should be reduced on its face by \$32,566,000?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. How much are you estimating in the \$134,000,000 for claims on cancelled contracts?

Mr. TWEEDALE. We are estimating \$40,000,000 during the next year.

#### LOSS GROWING OUT OF OPERATIONS.

The CHAIRMAN. For the remainder of this year how much are you estimating for loss growing out of operations?

Mr. TWEEDALE. For this year \$18,000,000.

The CHAIRMAN. And how much for next year?

Mr. TWEEDALE. \$21,000,000 for the whole year.

The CHAIRMAN. Is that the estimate of the head of the division?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. He has changed his opinion, then, since he was here before?

Mr. TWEEDALE. Yes, sir; I think he has. The results show that.

The CHAIRMAN. If I get your statement, for the rest of this year you want \$41,666,810.63 to pay for ships?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. And \$7,500,000 to pay claims or cancellations?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. You want \$18,000,000 for the loss on ship operations?

Mr. TWEEDALE. Yes, sir. Then I should like \$1,523,000 for excess cost of labor and wage reimbursements.

The CHAIRMAN. What do you mean by that?

Mr. TWEEDALE. In the settlement of contracts we give a wage reimbursement in addition to the base pay, and figure that for these three months we will need \$1,523,000 for that one item.

The CHAIRMAN. Is it running that much per quarter?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. I thought you were bringing about certain reductions that would more than overcome that?

Mr. TWEEDALE. This wage reimbursement has gone by and the \$1,523,000 is the amount that we estimate will be required to pay between now and the end of the fiscal year.

The CHAIRMAN. That totals \$68,689,000 for the rest of this year?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. And you are estimating for \$36,852,000?

Mr. TWEEDALE. Yes, sir. Are you taking also into consideration the amount of cash on hand, \$26,000,000?

The CHAIRMAN. You have always said that you needed a large working capital?

Mr. TWEEDALE. We do now. We have put \$50,000,000 in the estimate for working capital included in the \$134,000,000.

The CHAIRMAN. You must have a little working capital this year?

Mr. TWEEDALE. Yes, sir; but our obligations right now are in excess of the cash balance.

The CHAIRMAN. Your estimates are more than \$6,000,000?

Mr. TWEEDALE. I have also made an estimate here of collections for the two months of \$18,000,000.

The CHAIRMAN. If you paid out every dollar of money you had on hand and paid the claims you are estimating for, you would still need \$32,000,000, and that would leave you without a penny in the bank?

Mr. TWEEDALE. Yes, sir; there are some other small items that I have not given you.

The CHAIRMAN. What items?

Mr. TWEEDALE. Expenses that brings it up to \$134,000,000. On June 30 we figured that we would not have a penny, so we came back, and in the estimate of \$134,000,000 we asked you for \$50,000,000 working capital, or revolving capital, because we figured that at the end of the fiscal year, with this deficiency appropriation of \$36,000,000 granted, we would be entirely out of funds, and then we would have to use every dollar that we could get hold of, as well as collect every dollar we could. I think our estimate of collecting \$18,000,000 between now and the 30th of June is a very liberal estimate.

The CHAIRMAN. Suppose we let you keep the working capital you have now, commence a new program, and just appropriate for the balance due contractors and for canceling the contracts, and let you set up another bookkeeping arrangement, so we will know exactly how you are coming out on your operations?

Mr. TWEEDALE. What would you do, Mr. Chairman, retire the ships that are now in operation?

The CHAIRMAN. If I were doing it I would certainly undertake to cut off some of this loss. I would execute the bare-boat charter instead of a charter whereby the Government shoulders all the loss, no matter how inefficient the management might be and where there is no incentive for anybody to save.

Mr. TWEEDALE. Mr. Chairman, in regard to the operation of the ships, we know that there has been, since the 1st of last July, a loss on the operation of the ships, and we also know that every large shipowner and operator in the United States has lost money on the operation of his ships. It has been the policy of the board to operate these ships, to keep up the trade routes that we have established following out the provisions of the Jones Act. We know it can not be done unless a loss is maintained, because the freight rates are such that they will not pay the carrying charges. The question is whether we are to continue present methods in carrying on the operation. In other words, this appropriation is nothing but a subsidy, as I see it, for the operation of this fleet. If we are to have a merchant marine, I expect for some time to come we will have to take care of a loss, irrespective of what kind of contract we enter into as an agreed solution.

The CHAIRMAN. You should have some loss, but there should be a time coming when this property which has cost us \$3,000,000,000—I suppose the ships alone cost us \$2,500,000,000?

Mr. TWEEDALE. Over that.

The CHAIRMAN. Ought to be a source of revenue.

Mr. TWEEDALE. I should like to just give you a little reflection on that one point, Mr. Chairman. From the beginning of the operation of this fleet to May 1, 1919, we paid all the expenses of the fleet, the operations of the fleet, and, in addition to that, cleared a profit of \$48,325,000 and also laid up \$33,000,000 for depreciation, making a total of \$81,325,000. From that point—May 1, 1919, down to March 1, 1921—the fleet was operated at a profit of \$17,000,000, but it did not provide in any way for depreciation. It took care of the carrying charges. What actually happened was this, that they turned over out of the operation of these ships \$165,000,000 to the Construction Department. That has been used in construction, instead of having Congress make an appropriation. If we had that money to-day we would be able to take care of our losses, all of them. I just want to give you the general idea here that the operation of the fleet, as a whole, has not lost money to the Shipping Board or to the United States Government. We had a great big credit, but it is in ships, because that money has been taken and turned over to the construction department to pay disbursements under contracts for the construction of ships.

Mr. BUCHANAN. Have you any idea that the time will ever come when the ships can maintain themselves?

Mr. TWEEDALE. We certainly do. I do not think there is any question about that. At the present time and since the first of last July we have been running against a condition that has not existed before in a great number of years. The rates of ocean traffic have never fallen as markedly as they did during this period, not only the rates, but the bulk of the cargo has fallen down. The reason for that is patent on its face. Foreign countries are not going to buy commodities and other things in the United States as long as their ex-

change rate is so much against them. It is making them pay at least one-third more than they would ordinarily. When the rate of exchange comes back to normal, the bulk of the cargo will commence to move and rates will go back to normal and we will have a fleet operating, I believe, at a large profit.

Mr. BUCHANAN. Evidently, with two-thirds of the ships tied up and operating practically only one-third, you can not maintain operating expenses?

Mr. TWEEDALE. No, sir.

#### COST OF CONCRETE BOATS.

Mr. BUCHANAN. Your concrete ships will never be any good?

Mr. TWEEDALE. The concrete ships have done fairly well, but the policy of the board has not been to—

Mr. BUCHANAN (interposing). Considering the competition from other ships, will they ever be any good?

Mr. TWEEDALE. No; I do not think that you can enter them in competition. The reason they were used is because we were in need of tankers, there was a very great demand for tankers some little while ago, and they were used for that purpose.

Mr. BUCHANAN. What was the cost of the concrete boats on an average?

Mr. TWEEDALE. About \$2,000,000 on the 7,500-ton tankers.

Mr. Chairman, if you do not mind, I would like to present to you a copy of a statement showing just how we arrived at our figures. This was made up for March.

The CHAIRMAN. I thought you had made a later statement.

Mr. TWEEDALE. We have, but only on the cash position.

The CHAIRMAN. Can you bring all of this down to May 1, right-away?

Mr. TWEEDALE. No; we can only bring down the cash and we have to do that by telegraph.

The CHAIRMAN. Can you modify it and bring it down as far as you can to May 1, as far as cash is concerned?

Mr. TWEEDALE. Yes, sir; we have got the cash all worked out.

The CHAIRMAN. I wish you would put that in the record.

Mr. TWEEDALE. I will do so.

(The statement referred to follows:)

TABLE D.

*Summary of estimated cash receipts and disbursements for the period Mar. 31 to June 30, 1921.*

#### Expenditures:

Payments for construction of ships including accrued obligations.	\$49, 445, 000. 00
Operating requirements including construction fuel oil stations..	18, 456, 145. 00
Construction and requisition claims.....	7, 500, 000. 00
Miscellaneous expenditures, including outstanding accounts payable and administrative expense.....	39, 105, 816. 04

Total..... 114, 506, 961. 04

#### Estimated income:

Amount of recoveries from outstanding accounts receivable.....	\$20, 054, 123. 16
Receipts and account of interest.....	892, 574. 82
Recoveries on account of loans secured and unsecured.....	2, 772, 526. 29

## Estimated income—Continued.

Income from surplus and salvage material sale...	\$3,163,729.49	
Income from accounts and notes receivable, account ship sales.....	1,700,000.00	
Sale of housing projects, rental real estate hous- ing projects.....	60,000.00	
Operating revenue recruiting service.....	46,400.00	
Miscellaneous revenue receipts.....	259,728.13	
Total.....	28,949,081.89	
Funds available Mar. 31, 1921.....	48,705,591.23	
Total income and balance on hand.....		\$77,654,673.12

Amount of deficiency appropriation required to carry on the activi-  
ties of the Emergency Fleet Corporation to June 30, 1921.... 36,852,287.92

*Statement of cash and emergency shipping fund appropriation balances Mar. 31, 1921,  
and estimated cash receipts from Mar. 31 to June 30, 1921.*

## Funds available Mar. 31, 1921:

Emergency shipping fund appro- priation balance.....	\$50,335.32
Cash balance.....	48,655,255.91
Total.....	48,705,591.23

Estimated receipts from Mar. 31 to  
June 30, 1921:

Recoveries of accounts receivable outstanding Mar. 31, 1921.....	\$20,054,123.16	
Interest—		
On bank balances.....	\$108,165.00	
Notes, accounts, and mort- gages receivable.....	694,409.82	
From street railways.....	68,787.50	
Liberty bonds.....	21,212.50	
		892,574.82
Recoveries of loans (secured and unsecured) outstanding Mar. 31, 1921—		
Notes.....	592,526.29	
Mortgages receivable.....	680,000.00	
Accounts receivable (other than current above).....	1,500,000.00	
		2,772,526.29
Surplus and salvage material sales and collections, Mar. 31 to June 30, 1921.....	3,163,729.49	
Recoveries from notes and accounts receivable—		
Ship sales.....	1,700,000.00	
Rental real estate (Housing Division).....	60,000.00	
Operating revenues (recruiting service).....	46,400.00	
Miscellaneous.....	259,728.13	
Total.....		28,949,081.89
Grand total.....		77,654,673.12

## Estimated expenditures:

Contract and other payments of  
Construction Division—

Steel ships.....	\$39,399,121.07
Wood ships.....	323,408.90
Concrete ships, tugs and barges	484,280.66
Machinery and turbines.....	4,200,000.00
Pontoon yards.....	430,000.00
Plant and property.....	200,000.00
Foreign ships under construc- tion.....	1,460,000.00

## Estimated expenditures—Continued.

Contract and other payments of  
Construction Division—Con.

Excess cost labor and wages reimbursement.....	\$1,523,189.37
Construction and requisition claims.....	7,500,000.00
Miscellaneous.....	1,425,000.00
	<hr/> \$56,945,000.00

## Operating requirements—

Construction and additions, fuel-oil stations.....	355,000.00
Recruiting service expenditure.....	101,145.00
Estimated loss for three months period on ship operations...	18,000,000.00
	<hr/> 18,456,145.00

## Miscellaneous:

Advances to receivers and other ship purchasers in financial difficulties.....	500,000.00
Housing Division—Mortgages payable.....	7,000.00
Housing Division—Operating expense.....	58,593.75
Furniture and fixtures and apparatus.....	15,000.00
To liquidate outstanding accounts payable—audited and unaudited.....	21,577,398.75
Payments due War and Navy Departments.....	11,859,946.00
Administrative expense.....	5,087,877.54
	<hr/> 39,105,816.04

Total .....\$114,506,961.04

Deficiency appropriation required to carry on activities of the Emergency Fleet Corporation to June 30, 1921..... 36,852,287.92

*Analysis of funds of the United States Shipping Board Emergency Fleet Corporation, March 31, 1921.*

## Construction Division:

Cash in United States Treasury.....	\$30,961,563.96
Imprest funds.....	2,727,892.03
Controlled funds.....	151,542.27
Working funds.....	13,535.00
Special funds in escrow.....	1,249,132.00
Cash in transit.....	2,000,000.00
	<hr/> \$37,103,665.26

## Transportation and Housing Operations Division:

Cash in United States Treasury.....	989,372.09
Working funds.....	715.00
	<hr/> 990,087.09

## Divisions of Operations:

Cash in United States Treasury.....	6,920,265.92
Treasury funds in outside banks.....	1,244,564.07
Imprest funds.....	889,169.89
Working funds.....	1,329,878.11
Cash in transit.....	177,625.57
	<hr/> 10,561,503.56

Unexpended emergency shipping fund in United States Treasury  
Mar. 31, 1921.....50,335.32

Total cash and unexpended appropriation as at Mar. 31, 1921.. 48,705,591.23

## FOR PAYMENT FOR CONSTRUCTION OF SHIPS.

The CHAIRMAN. For payment for construction of ships, including accrued obligations, you have \$49,445,000 as the estimated requirements from March 31 to June 30; how much of that has already been paid?

Mr. TWEEDALE. We have paid about \$15,000,000 of that amount.

The CHAIRMAN. Taking up now the estimate for the next fiscal year, you say you estimate you will require for completing the building program \$27,434,000, assuming that \$41,666,000 will have been paid before the beginning of the next fiscal year.

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. And that you will need \$40,000,000 to pay on claims for canceled contracts.

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. And \$21,000,000 for losses due to operation.

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. That makes a total of \$88,434,000. Where does the rest come from?

Mr. TWEEDALE. Then we have an item there of \$50,000,000 for working capital, or a revolving capital.

The CHAIRMAN. What are the estimated receipts from all sources except operation?

Mr. TWEEDALE. We took the \$55,000,000 you allowed in the bill and put it in as a credit. We do not know whether we are going to collect it or not.

The CHAIRMAN. How much have you maturing next year that you feel you will collect on outstanding obligations?

Mr. TWEEDALE. Mr. Chairman, in reply to your question, we have accounts receivable, due and collectible, subsequent to the fiscal year ending June 30, 1921, \$121,000,000.

The CHAIRMAN. Not all due next year?

Mr. TWEEDALE. No; but it is due and collectible after June 30, 1921.

The CHAIRMAN. How much of that amount will fall due within the next fiscal year?

Mr. TWEEDALE. I have not got it broken down in that way.

The CHAIRMAN. I wish you would put that in the record.

Mr. TWEEDALE. I will do so.

*Transportation and Housing Division—Estimated cash receipts for May and June, 1921, and for fiscal year 1922.*

	Selling price.	Cash collected.
May and June, 1921:		
Sale of housing projects.....	\$566,800	\$128,000
Sale of transportation projects.....	55,000	55,000
Collections from accounts, notes, and mortgages receivable.....		241,000
Estimated cash to be collected in May and June, 1921.....		422,000
July 1, 1921, to June 30, 1922:		
Sale of housing projects.....	10,235,000	5,000,000
Sale of transportation projects.....	1,000,000	1,000,000
Collections from accounts, notes, and mortgages receivable.....		700,000
Estimated cash to be collected during fiscal year ending 1922.....		6,700,000

We have an investment in our housing projects of approximately \$60,000,000, consisting of 5,865 houses, 204 miscellaneous buildings, and 200 acres of unimproved land.

Our transportation projects represent an investment of approximately \$9,300,000, and consist of tracks and roadbeds, rolling stock, power houses, and equipment and highways.



## AMOUNT DUE FROM SALE OF SHIPS.

The CHAIRMAN. Can you state the amount you are reasonably sure of collecting next year from that source of revenue?

Mr. TWEEDALE. Of that amount, \$42,353,000 is the amount that is due from the sale of ships, and our experience has been on these payments for ship sales that they are being deferred right straight along. We can not make collections on them.

The CHAIRMAN. Then there is about \$80,000,000 from other sources; what is that made up of?

Mr. TWEEDALE. These are amounts due from other individuals, firms, and corporations, miscellaneous items, and some of them are moneys that are due under mortgages that do not mature until two years after the declaration of peace, and others of them are practically offsets or advances that have been made on account of disbursements that are secured, and some of them are not secured.

The CHAIRMAN. What were they for?

Mr. TWEEDALE. Well, there have been advances made on dry docks and yards, and there have been advances made on yards where to-day, as the yards are not going yards, a very large proportion of it will never be recovered.

The CHAIRMAN. Is our claim a first claim?

Mr. TWEEDALE. It is a first claim; yes, sir; a first mortgage in almost all cases. It is very hard to determine in those cases just the amount of money we can get out of them.

The CHAIRMAN. I wish you would put in the record a statement in detail of the cash assets that in your opinion can be depended on as coming in during the next fiscal year, giving the sources of the items.

Mr. TWEEDALE. I will do so.

*Summary of accounts receivable due and collectible during the fiscal year 1922.*

Foreign Governments:	
Great Britain.....	\$13, 053, 812
Italy.....	1, 653, 778
	<hr/> \$14, 707, 590
Accounts for ship sales.....	1, 587, 164
Miscellaneous accounts.....	7, 000, 000
	<hr/>
Amount due and collectible.....	23, 294, 754
Balance not due or not collectible.....	97, 705, 246
	<hr/>
	121, 000, 000

*Estimated cash receipts from all services for fiscal year ending June 30, 1922.*

Interest:	
On bank balances.....	\$200, 000
Notes, accounts, and mortgages receivable.....	1, 500, 000
	<hr/> \$1, 700, 000
Recoveries of loans (secured and unsecured) outstanding as at July 1, 1921:	
Notes.....	700, 000
Mortgages receivable.....	1, 500, 000
Miscellaneous accounts receivable—	
Great Britain.....	\$13, 053, 812
Italy.....	1, 653, 778
Miscellaneous.....	7, 000, 000
	<hr/>
	21, 707, 590
	<hr/>
	23, 907, 590

Surplus and salvage material sales and accounts.....	\$12,000,000
Recoveries from wages and accounts receivable, including interest on ship sales:	
Sale of ships.....	6,054,544
Sales of transportation and housing projects.....	6,000,000
Rentals, real estate.....	
Housing Division.....	\$300,000
Miscellaneous.....	700,000
	<hr/> \$900,000

Total estimated cash receipts from all services for fiscal year ending June 30, 1922..... \$21,552,434

The CHAIRMAN. Are you selling any more material and property aside from ships at the present time?

Mr. TWEEDALE. Very little, sir.

The CHAIRMAN. Have you a division of sales?

Mr. TWEEDALE. We have. Capt. Bonnaffon is in charge of it.

The CHAIRMAN. I will take that up a little later. Something was said when you were before us before with regard to some of our indebtedness being due to foreign firms or foreign countries.

Mr. TWEEDALE. Yes, sir.

#### CLAIMS DUE FOREIGN COUNTRIES.

The CHAIRMAN. Do you owe anything to foreign countries?

Mr. TWEEDALE. Not directly to foreign countries. There are items due to residents of foreign countries. For instance, the Norwegian claim is still pending and there is a portion of that which is due, running up into quite a few million dollars.

The CHAIRMAN. The exact amount has not been determined?

Mr. TWEEDALE. No, sir. Then, for instance, there is a claim for Japanese steamship operators. It is a small matter and amounts to about \$600,000. We feel we do not dare pay that until we can examine the accounts of the ship operators themselves because we do not know whether it is due or not. We have got to verify the time of the employees on board those ships. They are claiming very excessive time during the period they were within the war zone, when they received very large compensation.

The CHAIRMAN. What service did they perform?

Mr. TWEEDALE. They were performing the service of a merchant ship carrying supplies for us through the war zone, and the claim runs up in the neighborhood of \$600,000.

The CHAIRMAN. Aside from the Japanese and the Norwegian claims, are there any other foreign demands?

Mr. TWEEDALE. There are the payments still due on the vessels that are being built in China.

The CHAIRMAN. That is included in your estimate?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. That is \$1,460,000.

#### MONEYS DUE FROM FOREIGN COUNTRIES.

Mr. TWEEDALE. Yes. Now, Mr. Chairman, taking the reverse side of that account, there are moneys due us from foreign governments.

The CHAIRMAN. From these same foreign Governments?

Mr. TWEEDALE. No, sir.

The CHAIRMAN. Are those claims due from Governments?

Mr. TWEEDALE. Yes; there is \$12,000,000 that we claim from the British Ministry of Shipping for hauling fuel oil. If you recall, they had a claim settled through the War Department of twenty some million dollars, and I wrote a letter and filed a copy of it with the Secretary of the Treasury, and he is holding that claim up until we get our \$12,000,000.

The CHAIRMAN. Are there any other countries indebted to the Emergency Fleet Corporation?

Mr. BOLLING. France owes about \$3,000,000.

The CHAIRMAN. What is that for?

Mr. BOLLING. That is probably on turn around of vessels during the war.

The CHAIRMAN. Those two payments will likely come in during the next year.

Mr. TWEEDALE. I should think that \$12,000,000 claim would be paid, undoubtedly, because we are holding on to the \$23,000,000 until we get that money.

The CHAIRMAN. But you are not figuring here on that coming in at all.

Mr. TWEEDALE. No; we have not.

The CHAIRMAN. And you have not taken into consideration the receipts from the other sources?

Mr. TWEEDALE. No. You will remember that the bill provided we could have the balance on hand after the 1st of July, the money received from operations, and \$55,000,000 from the other sources specified. It is my idea that every other dollar we collect goes into the Treasury as miscellaneous receipts.

The CHAIRMAN. How do you mean, "every other dollar?"

Mr. TWEEDALE. Every other dollar from the sale of anything except what that bill provides we shall retain.

The CHAIRMAN. That was about all your anticipated results?

Mr. TWEEDALE. There will be other moneys coming in from other sources. For instance, there will be interest on moneys that are now out. I am making a very strong drive right now to collect interest on moneys that were in the hands of operators during the war period, and I think we are going to recover quite a few thousand dollars in that way. Other miscellaneous receipts, unless specified in the act, would naturally flow into the Treasury.

#### COLLECTIONS FROM SALE OF HOUSES AND OTHER PROPERTY.

The CHAIRMAN. Are you collecting anything from houses that have been sold?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. Have you a statement showing your receipts from the sale of ships and from the sale of all other property during this fiscal year?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. I will ask you to put that statement in the record.

Mr. TWEEDALE. I will do so.

(The statement referred to follows:)

TABLE E.

*Statement of cash receipts and disbursements and unexpended funds emergency shipping fund July 1, 1920, to Mar. 31, 1921.*

[Exhibit A.]

Total cash and unexpended appropriation balance. June 30, 1920... \$159,184,425.64

## Receipts:

Division of construction, schedule 1.....	\$74,649,629.81	
Division of operations, schedule 2.....	129,620,131.84	
Transportation and housing, schedule 3.....	3,722,865.09	
Disbursing officer, schedule 4.....	19,188,895.28	
		227,181,522.02
		<u>386,365,947.66</u>

## Disbursements:

Construction division, schedule 1.....	188,189,137.82	
Division of operations, schedule 2.....	148,984,359.99	
Transportation and housing, schedule 3.....	263,255.55	
Disbursing officer, schedule 4.....	223,603.07	
		337,660,356.43

## Cash position as at Mar. 31, 1921:

In Treasury, in banks, in transit, and on hand..	48,027,616.52	
In escrow—deposits by Treasurer account claims against vessels.....	476,097.12	
Trust funds for ship construction.....	151,542.27	
		48,655,255.91

## Unexpended appropriation balance in emergency shipping fund, Mar. 31, 1921.....

50,33.325

386,365,947.66

[Schedule 1.]

*Statement of cash receipts and disbursements, Construction Division, July 1, 1920, to Mar. 31, 1921.*

## Receipts:

Sale of surplus and salvage material.....	\$17,891,521.81	
Returns and refunds.....	2,673,834.02	
Material rebilled.....	4,403,627.42	
Interest.....	3,533,508.11	
Rentals.....	437,099.79	
Miscellaneous.....	3,316,572.35	
Insurance department.....	4,578,928.98	
War Department.....	37,814,537.33	
Total.....		<u>74,649,629.81</u>

## Expenditures:

Construction of vessels and other capital expenditures.....	176,898,730.22	
General expense.....	10,018,124.39	
Insurance disbursements.....	1,272,283.21	
Total.....		<u>188,189,137.82</u>

*Detail to support construction of vessels and other capital expenditures as shown in schedule 1 of statement of cash receipts and disbursements July 1, 1920, to Mar. 31, 1921.*

Vessel construction.....	\$166,307,030.52	
Contract cancellation and claims.....	2,783,924.10	
Dry dock and marine railways.....	3,594,428.35	
Inventories.....	3,209,726.39	
Plant and property.....	300,863.94	
Transportation and housing facilities.....	702,756.92	
Total.....		<u>176,898,730.22</u>

## [Schedule 2.]

*Statement of cash receipts and disbursements, Division of Operations, July 1, 1920, to Mar. 31, 1921.*

## Receipts:

Operating income (remit from operators).....	\$28,993,702.42
Interest.....	659,388.47
Recoveries accounts receivable.....	29,108,645.97
War Department.....	64,687,253.78
Miscellaneous.....	6,171,141.20
<b>Total.....</b>	<b>129,620,131.84</b>

## Disbursements:

Operating voyage expenses.....	31,555,271.80
Vessel repairs.....	42,100,965.14
Charter hire.....	7,093,787.88
Recruiting service (net).....	1,455,137.76
Advanced to London office.....	6,601,857.22
Miscellaneous.....	4,078,698.33
Lay up wood and steel vessels.....	2,750,695.86
Fuel and stores purchased.....	15,362,315.48
General expense.....	8,182,746.12
Furniture and fixtures.....	58,051.58
Payments account insurance claims.....	2,412,660.92
Payments and advances to operators.....	26,832,171.90
Advance to American Marine Insurance Syndicate.....	500,000.00
<b>Total.....</b>	<b>148,984,359.99</b>

## [Schedule 3.]

*Statement of cash receipts and disbursements, July 1, 1920, to Mar. 31, 1921.*

Description.	July 1, 1920, to Oct. 31, 1920.	Total, Nov. 1 to Mar. 31, 1921.
<b>Receipts:</b>		
First payment account sales of real estate.....		\$77,721.07
Deposit on account sales of real estate.....		70,986.95
Rental, real estate.....		150,757.71
First mortgage principal.....		14,021.50
Second mortgage principal.....		52,817.31
Interest on first mortgage.....		66,283.67
Interest on second mortgage.....		26,515.99
Taxes.....		40,524.78
Water rent.....		2,036.83
Interest on Realty Co. bond and mortgage.....		516,858.92
Due account settlements.....		215,772.32
Fire insurance.....		26.83
Satisfaction fee.....		1.00
Refund on taxes.....		111.15
Cost of utilities.....		62.50
Construction cost.....		45.84
Net operating income.....		308,262.90
Principal on Realty Co. bond and mortgage.....		4,093.91
Sale of equipment.....		48,331.57
Interest on deferred payments.....		296.89
Deposit account interest on cost of indebtedness.....		1,682.85
Notes and accounts receivable.....		4,029.91
Key deposits.....		52.00
Miscellaneous income.....		6,157.62
Office income, manager's department.....		2.90
Electric current.....		1,967.85
Unclaimed refunds.....		6.75
	<b>1 \$2,104,433.24</b>	<b>1,619,431.85</b>
		<b>2,104,433.24</b>
<b>Total receipts to Mar. 31, 1921.....</b>		<b>3,722,865.09</b>

<sup>1</sup> This amount represents receipts over expenditures prior to Nov. 1, 1920. Details were not submitted.

*Statement of cash receipts and disbursements, July 1, 1920, to Mar. 31, 1921—Continued.*

Description.	July 1, 1920, to Oct. 31, 1920.	Total, Nov. 1 to Mar. 31, 1921.
<b>Disbursements:</b>		
Official pay roll.....		\$47,429.72
Operating pay roll.....		33,416.42
Operating expense.....		11,854.14
Automobile expense.....		1,390.27
Travel expense.....		1,186.81
Water rent.....		7,454.24
Penalty on water rent, taxes, etc.....		340.12
Advertising expense.....		5,287.80
Key refunds.....		464.00
Rent refunds.....		1,820.24
Office furniture and fixtures.....		1,737.01
Miscellaneous expense.....		3,916.08
To establish petty cash fund.....		1,115.00
Taxes.....		137,820.62
Appraisal expense.....		3,579.00
Interest.....		264.32
Construction costs.....		4,129.76
<b>Total.....</b>		<b>263,255.55</b>

[Schedule 4.]

*Statement cash receipts and disbursements, July 1, 1920, to Mar. 31, 1921.*

<b>Receipts:</b>	
Recoveries of accounts receivable.....	\$4,205,103.81
Ship sales.....	9,849,460.06
Requisitioned lake and other vessels.....	92.78
War Department.....	5,134,238.63
	<u>19,188,895.28</u>
<b>Disbursements:</b>	
Expenditures on requisitioned lake vessels.....	223,603.07
	<u>223,603.07</u>

The CHAIRMAN. Aside from the sale of ships, do you not anticipate receipts as large during the next fiscal year as they have been in the past year from salvage?

#### CLAIMS DUE OFFSET BY CHARTER HIRE OWED.

Mr. TWEEDALE. No, sir; we do not anticipate as large a revenue. We made some rather good contracts during the time the price of material was high, and we sold quite a lot of material. At the present time the sales are very much restricted, but I think that perhaps the director of sales and supplies had better give you a statement on that.

There are quite a number of accounts, Mr. Chairman, running up in the neighborhood of \$50,000,000 where there is money due the corporation and the corporation owes charter hire on ships, but one is practically an offset to the other. Of course, there are some cases where there are not offsets. For instance, the International Mercantile Marine has a claim of about \$3,000,000 that is not offset by revenues, but taking that class of claims as a whole they will offset each other. For instance, here is a claim of the International Mercantile Marine—the Atlantic Transport Co. is one of the

corporations and the International Mercantile Marine is another—their total claim here, apparently, is \$3,500,000. Their claim as originally submitted was \$1,000,000 or \$1,500,000 more than that, but they came in the other day and said that if we would settle the claim they would adjust it for the figure we have set up.

The CHAIRMAN. What is that for?

Mr. TWEEDALE. That is for charter hire for vessels that we chartered from them; requisition charter.

The CHAIRMAN. During the war?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. You have never paid them for that?

Mr. TWEEDALE. No, sir; but in a great many of these cases the collections of freights are as large as the charter hire, and one offsets the other.

The CHAIRMAN. They collected the freight?

Mr. TWEEDALE. Yes, sir; in some cases they owe us an amount in excess of the amount of the charter.

The CHAIRMAN. In the case of the International Mercantile Marine, do they owe you, or do you owe them?

Mr. TWEEDALE. We owe them.

The CHAIRMAN. A balance of about three and a half million dollars?

Mr. TWEEDALE. Yes, sir; their claim is about one million or a million and a half larger than that.

Mr. Chairman, there is one thing I want to call your attention to, because I am afraid it will get by unless attention is called to it, and that is that in this account, where you have stated in the record to-day that Commander Gatewood said there was \$39,000,000 to be paid this fiscal year, if you will refer to page 2 of the statement which you have put in the record, you will observe that there is \$323,000 for wooden ships and \$484,000 for concrete ships, tugs, and barges. That money is not included in Commander Gatewood's statement, because those moneys are due on contracts that have been closed for some time.

The CHAIRMAN. Are they not included in his \$10,000,000?

Mr. TWEEDALE. No, sir; because his \$10,000,000 is part of his whole \$69,100,000, and his statement embraces only the tonnage to be delivered.

The CHAIRMAN. That is a comparatively small item considering your balances on hand. You could pay those claims at any time, I assume.

I would like now to go into the matter of sales.

#### SALE OF PLANTS, PROPERTIES, AND MATERIALS.

Capt. BONNAFFON, you have charge of sales?

Capt. BONNAFFON. I am Director of Supply and Sales, detailed by the Navy Department for special duty with Admiral Benson. I reported the 1st day of February last.

The CHAIRMAN. And in that capacity you have charge of the sale of ships?

Capt. BONNAFFON. No ships, dry docks, or houses.

The CHAIRMAN. That is handled by another organization?

Capt. BONNAFFON. By another branch of the organization altogether.

The CHAIRMAN. Then just what does come under your jurisdiction?

Capt. BONNAFFON. The sale of plants and properties and materials.

The CHAIRMAN. How many plants have we undisposed of?

Capt. BONNAFFON. I doubt if I can give you that information.

The CHAIRMAN. I wish you would put in the record a table showing the undisposed of plants by name, the cost of each plant, and your estimate of the present salvage value of each plant.

Capt. BONNAFFON. Of course, you realize, Mr. Good, this will be a changeable thing.

The CHAIRMAN. I mean as of May 1.

Capt. BONNAFFON. Yes.

The CHAIRMAN. You have not sold anything since that time to speak of?

Capt. BONNAFFON. No.

(The statement referred to follows:)

TABLE F.

*Anticipated sales of plants.*

Name and location.	Cost.	Estimated disposal date.	
		Prior to July 1, 1921.	Prior to July 1, 1922.
Cumberland Shipbuilding Co., South Portland, Me. ....	\$162,765.00	\$80,000.00	.....
Hog Island, Philadelphia, Pa. ....	66,000,000.00	.....	\$16,000,000.00
Merchants Shipbuilding Co., Bristol, Pa. ....	22,000,000.00	.....	3,000,000.00
Birmingham Steel Co., Birmingham, Ala. ....	907,000.00	.....	395,000.00
San Francisco Shipbuilding Co., San Francisco, Calif. ....	879,000.00	90,000.00	.....
Liberty Plant, Alameda, Calif. ....	5,162,000.00	.....	1,000,000.00
Skinner & Eddy Shipbuilding Co., Seattle, Wash. ....	1,500,000.00	.....	550,000.00
Grant-Smith-Porter Co., St. Johns, Oreg. ....	804,194.00	.....	144,000.00
Todd Dry Dock & Construction Co., Seattle, Wash. ....	2,392,592.00	.....	440,000.00
	99,807,551.00	150,000.00	21,529,000.00

*Anticipated sale of plants in which Shipping Board has interest.*

Name and location.	Cost.	Prior to July 1, 1922.
American Shipbuilding Co., Brunswick, Ga. ....	\$26,200.00	\$20,000.00
United States Maritime, Brunswick, Ga. ....	70,120.00	7,000.00
Tampa Dock Co., Tampa, Fla. ....	57,137.00	4,000.00
Hodge Ship Co., Moss Point, Miss. ....	17,195.00	500.00
Gulf Coast Transportation Co., New Orleans, La. ....	.....	52,000.00
McBride & Law, Beaumont, Tex. ....	32,348.00	6,000.00
Lone Star Shipbuilding Co., Beaumont, Tex. ....	21,000.00	4,800.00
Universal Shipbuilding Co., Sturgeon Bay, Wis. ....	52,000.00	20,000.00
Grant-Smith-Porter Ship Co., Aberdeen, Wash. ....	123,756.00	30,000.00
Sloan Shipyard Corporation, Anacostia, Wash. ....	180,000.00	40,000.00
Tacoma Warehouse, Tacoma, Wash. ....	135,000.00	30,000.00
	784,756.00	214,300.00
Grand total. ....	100,592,307.00	364,300.00
	.....	21,529,000.00
	.....	21,893,300.00

Capt. BONNAFFON. While all of the foregoing plants, except Hog Island, have not been turned over to the Division of Supply and Sales, it is anticipated that they will be in the near future, and immediate steps will then be taken for their disposal.



## HOG ISLAND YARD AND OTHER PLANTS.

The CHAIRMAN. You are now dismantling Hog Island, are you not?

Capt. BONNAFFON. We are dismantling 40 ways of Hog Island. Hog Island has 50 ways and the board instructed me to go on the assumption that it would be from now on a 10-way yard, assuming, I take it, that no one would want to buy the property as big as it is, and that it might be possible to secure a purchaser for the 10-way part of it, together with the shops and equipment that go with the 10 ways.

The CHAIRMAN. Is the shop a permanent building?

Capt. BONNAFFON. The shops are as permanent as any shop buildings, yes.

The CHAIRMAN. Is it built of brick and steel?

Capt. BONNAFFON. There are certain permanent buildings there which I take it will be selected. There are a great many temporary buildings. A board will be appointed to select what goes with this 10-way yard, and I assume they will naturally select the permanent structures to go along with the 10-way yard.

The CHAIRMAN. But the temporary structures you are now dismantling, especially the ways.

Capt. BONNAFFON. We are dismantling the ways, and they are being wrecked and sold, and also certain buildings.

The CHAIRMAN. What plan have you adopted to dispose of those ways?

Capt. BONNAFFON. We sell them by advertisement.

The CHAIRMAN. And the purchaser removes them?

Capt. BONNAFFON. Yes, sir; it is a wrecking proposition. The successful bidder was a wrecking company.

The CHAIRMAN. What did you get?

Capt. BONNAFFON. \$30,100.

The CHAIRMAN. What else are you wrecking as far as the plant is concerned?

Capt. BONNAFFON. There is another partially burned building that we sold the other day for \$500, as I recall.

The CHAIRMAN. At what other places have you plants that you now recall?

Capt. BONNAFFON. Plants that are owned by the corporation?

The CHAIRMAN. Yes.

Capt. BONNAFFON. They are at Alameda a warehouse, and the merchant ships at Bristol, Pa.; Hog Island, Philadelphia; San Francisco Shipbuilding, San Francisco; Skinner and Eddy, Seattle, Wash.; Grant-Smith-Porter Co., St. Johns, Oreg.; Todd Dry Dock & Construction Co., Seattle, Wash.; Cumberland Steamboat Co., South Portland, Me.; Birmingham Steel Co., Birmingham, Ala. There is a part of the New York Shipbuilding Plant, or what they call the South Yard, that belongs to the Shipping Board, and it will ultimately have to be disposed of by the board.

The CHAIRMAN. Can you not sell that to the New York Shipbuilding Co.?

Capt. BONNAFFON. It has not been what is termed certified over. In other words, it has not been transferred to me as being ready for sale or disposal. The first step would be to put the proposition up to the New York Shipbuilding Co.

The CHAIRMAN. Have you other additions that you have made to private yards at any place where the Government made the improvements and still owns them?

Capt. BONNAFFON. I would prefer to put a statement of that in the record. (See Exhibit A.)

The CHAIRMAN. Also append to that statement a note stating whether, in your opinion, the Government will be able to sell any portion of that during the next fiscal year, and how much it will receive on that account.

Capt. BONNAFFON. Yes, sir.

#### SURPLUS MATERIAL.

The CHAIRMAN. The principal property, I suppose, is the surplus material?

Capt. BONNAFFON. Surplus material; yes, sir.

The CHAIRMAN. What does it consist of?

Capt. BONNAFFON. Of every conceivable item that goes into a ship.

The CHAIRMAN. You have some items that do not go into ships.

Capt. BONNAFFON. Not much.

The CHAIRMAN. You have rolling stock?

Capt. BONNAFFON. Not much; it is relatively little. The Army has all that.

The CHAIRMAN. You had some.

Capt. BONNAFFON. We have a few engines at Hog Island, and a few cars, wreckers, and hoists.

The CHAIRMAN. Why do you not sell them?

Capt. BONNAFFON. We are selling nothing but surplus material. Hog Island is one place where we are concentrating material from points where it pays to ship it, or where we are paying rental or storage charges and upkeep charges on it. We ship such material to Hog Island, and we need that railroad equipment for operating at Hog Island.

The CHAIRMAN. What is the total value of this salvaged material?

Capt. BONNAFFON. Do you want the appraisal value?

The CHAIRMAN. We would like to have the cost and appraisal value.

Capt. BONNAFFON. The records I have here indicate that the original cost of the materials that have been turned over to the Supply and Sales Division is \$237,623,406.02, and of this amount \$37,601,108.89 worth has been sold.

The CHAIRMAN. Do you mean that that was the cost of what was sold, or is that what you realized for it?

Capt. BONNAFFON. That is the sale price. That is what we got for it.

The CHAIRMAN. What proportion of it did you sell?

Capt. BONNAFFON. There is a slight discrepancy there, and I have been informed through the Finance Department that that figure can not be accepted accurately for the reason that there are certain sales reported in here that have not been finally consummated—that is, the material was sold but it has not been finally paid for. I am credibly advised that that figure will probably not be off more than \$1,500,000 or \$2,000,000.

The CHAIRMAN. Of the receipts from the sales?

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. What proportion of the material have you sold, or what is the cost of the material that you still have on hand?

Capt. BONNAFFON. All of the data that I have here is simply the appraised value. I can not give that to you.

The CHAIRMAN. Will your records at the office show the cost of what you still have on hand?

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. And the appraised value?

Capt. BONNAFFON. Yes, sir; I could give that to you.

The CHAIRMAN. I wish you would put a statement of that in the record when you come to revise your remarks.

Capt. BONNAFFON. I will do so.

(See Statement of Division of Supply and Sales.)

Mr. BUCHANAN. What percentage of the cost or value are you getting on your resale of the material?

Capt. BONNAFFON. I can give you that accurately from our records. I have in the office, Mr. Chairman, a statement of the percentage of cost that was secured on the sales. I would like to give you that accurately from the records of my office.

The CHAIRMAN. You may insert that in the record.

Uncertified material.....	\$100, 592, 307
Certified.....	237, 623, 406
	<hr/>
	338, 215, 713
Cost of materials sold.....	169, 144, 725
	<hr/>
Cost of materials to be sold.....	169, 100, 988
Percentage of recovery on sales against cost.....	22
Percentage of recovery on sales against appraisal.....	72

Mr. BYRNS. For what period are you talking about now when you say you have received \$37,000,000?

Capt. BONNAFFON. That is all told.

Mr. BYRNS. Since when?

Capt. BONNAFFON. Since the beginning of the operation of the Sales Division, or since May 1, 1919.

Mr. BYRNS. Until now?

Capt. BONNAFFON. Until May 1.

Mr. BYRNS. How much have you sold during this fiscal year?

Capt. BONNAFFON. About \$10,000,000 worth. I will give it accurately in the record.

Mr. TWEEDALE. We have realized from supplies and sales since the 1st of July to March 31, \$17,891,000.

The CHAIRMAN. That was from sales of this kind of material?

Mr. TWEEDALE. Yes, sir.

Capt. BONNAFFON. The item of hulls appears in that, but I am not selling hulls. Mr. Tweedale's figures should be accepted, as they include other items that do not come under the cognizance of my division.

The CHAIRMAN. You are not selling hulls?

Capt. BONNAFFON. No, sir; that is under the director of sale of ships.

Mr. BYRNS. Your figures refer to all the receipts from all kinds of sales?

Mr. TWEEDALE. Yes, sir; from the sale of supplies of all kinds.

The CHAIRMAN. From some source I would like to have a statement showing how much you anticipate you will receive during the balance

of this year from the sale of ships already sold or to be sold, from the sale of surplus material already sold or to be sold, from the sale of houses already sold or to be sold, and from the sale of plants and all other property already sold or to be sold, and the same information for next year.

Mr. TWEEDALE. It is in that statement that was put in the record for this year, but there is no statement in there for next year.

The CHAIRMAN. Why should not this material be sold, or the balance you have on hand, within the next few months?

Capt. BONNAFFON. You can not get any purchasers except at a sacrifice.

The CHAIRMAN. I am told that you had some cars for which you were offered the cost price and you refused to sell them.

Capt. BONNAFFON. I would like to know from whom you got that information.

The CHAIRMAN. Did you not have 100 cars at Hog Island that cost from \$2,200 to \$2,300 apiece?

Capt. BONNAFFON. Not to my knowledge.

The CHAIRMAN. And then when you were offered the full amount of the cost, you refused to take it. Then you put them up at auction, after dilly-dallying around until the demand had passed, and had to sell them for around \$1,000.

Capt. BONNAFFON. If that was done, it was before the 1st of February. I took charge on the 1st of February, and I know nothing about it.

The CHAIRMAN. What have you sold since February 1?

Capt. BONNAFFON. I have concentrated on all of those outlying projects where we have overhead, custody, care, and upkeep expense, and where we have materials that we can ship to Hog Island, we do so, and save in that way.

The CHAIRMAN. That is not selling it. Simply shipping it to Hog Island and piling it up is increasing your expense, and the purchaser may ship it back to the locality from which you shipped it.

Capt. BONNAFFON. We are shipping materials which will ultimately be used by the Shipping Board, either for maintenance or for construction and repair.

The CHAIRMAN. We are not going to construct any more.

Capt. BONNAFFON. For the current work of the Construction and Repair Division.

The CHAIRMAN. Of course, it might be desirable to save that sort of stuff.

Capt. BONNAFFON. Yes, sir. In other words, we do not want to go into the market and buy something that we have just sold.

The CHAIRMAN. That has been done too frequently; but you must have oceans of materials that you will not need for repairs.

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. You have a whole lot of plates and shapes, have you not?

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. What are you doing with them?

Capt. BONNAFFON. There are certain large projects, one of which, I might say, is to be determined in a day or so, which will permit of the export of a large quantity, and which we estimate at anywhere from \$18,000,000 to \$20,000,000. That material is principally ship

equipment, machine tools, hoists, pumps, and equipment and materials of an endless variety and description.

The CHAIRMAN. Suppose you are confined now to the market in the United States for this surplus material, how rapidly could you dispose of it, or what is your estimate of what you could get in the next year?

Capt. BONNAFFON. That, of course, would be a difficult question to answer.

The CHAIRMAN. Why?

Capt. BONNAFFON. It would depend upon the demand. In other words, we frequently have advertised for bids, and none was secured for materials. I might give you a conjecture which might approximate the ultimate result. You can not take the past sales as an estimate, because many of the sales were made of good commercial stock at a time when prices were high. We are now in a depressed market where it is undesirable to sell anything except the materials which depreciate or which are costing us money to care for, or materials that the Shipping Board will never need. We must maintain that yard at Hog Island until it is finally disposed of, and, as I have said, we are using that yard for that purpose.

The CHAIRMAN. Have you advertised the surplus machinery and equipment and sent your advertisements to the big machine shops throughout the United States in an effort to dispose of what is surplus?

Capt. BONNAFFON. Prior to my coming to the Shipping Board, there was a campaign of advertising throughout the country in an endeavor to sell all this material. It was advertised in many papers, and I understand with very little success.

The CHAIRMAN. You are selling in large quantities, are you not?

Capt. BONNAFFON. For instance, take ship engines: You can not get a buyer who will buy that engine for a ship engine, because there is no demand for ship engines. We could sell them for scrap, and I think that ultimately we will have to do that. When I say ultimately, I mean in the near future, because we must come to an early decision.

The CHAIRMAN. Why do you not notify shopowners through trade papers or some other way, and make an effort to sell the material in such quantities that an ordinary concern could make an offer for it?

Capt. BONNAFFON. Since this project has been brought up that I spoke of, and it started about a month ago, I thought it was wiser and better to hold back and find out exactly what they were going to take, because what they are proposing to take will probably amount to over \$20,000,000.

The CHAIRMAN. The probability is that they will not take anything. Probably they will not be able to finance it at all, and for you to wait six months on that sort of thing——

Capt. BONNAFFON (interposing). I am going over there on the midnight train, and I do not propose to wait six months. If you do not detain me, I am going over there on the midnight train.

The CHAIRMAN. We will not restrain you one minute in your mad rush to sell this surplus material.

Capt. BONNAFFON. I might mention the fact that I have had conferences with representatives of various steel corporations, or the

large ones, in my office to determine on a policy as to the sale of this material. By what I mean plates, shapes, and what we call raw steel.

The CHAIRMAN. I expect they would not want you to sell it.

Capt. BONNAFFON. There was just one conclusion I suggested to them that I wanted to get their opinion on, and that was whether we should get it out of this country, and they all agreed that it would be the best possible thing for both the Shipping Board and the steel interests.

The CHAIRMAN. Aside from your shapes, plates, etc., what are the other classes of material that you have that are not needed and that run into large money?

Capt. BONNAFFON. The original cost was approximately \$26,000,000, appraisal approximately \$13,000,000, salvage value about \$2,000,000.

The CHAIRMAN. Are they included in the industrial rehabilitation matter that you were speaking of?

Capt. BONNAFFON. No, sir.

The CHAIRMAN. Have you any market for them?

Capt. BONNAFFON. No, sir.

The CHAIRMAN. Is there any demand for them or any use for them except in connection with ships?

Capt. BONNAFFON. It would cost more to convert them for stationary engine purposes than they are really worth. In other words, a man would go into the market and buy a stationary engine rather than buy these, even at scrap value, and convert them.

The CHAIRMAN. What did these engines cost apiece?

Capt. BONNAFFON. It depends upon the horsepower. The 2,800-horsepower engine cost originally \$100,000. That is not the average, because we have them down to 700 horsepower.

The CHAIRMAN. The 2,800-horsepower engine is the largest you have?

Capt. BONNAFFON. That is the largest we have for sale.

The CHAIRMAN. You do not have the hulls?

Capt. BONNAFFON. They are sold through the Ships Sales Division.

The CHAIRMAN. Are you selling any scrap steel?

Capt. BONNAFFON. Yes, sir; a great deal.

The CHAIRMAN. How much scrap steel have you on hand?

Capt. BONNAFFON. We have 237,325 tons of steel, 68,425 tons of which is plain steel, the balance is scrap.

The CHAIRMAN. What are you getting for it?

Capt. BONNAFFON. That depends on where it is, of course. Around Pittsburgh we are getting \$11 per ton, or a little below the market. It has to be hauled to Pittsburgh, and it is a little below the Pittsburgh market price. At other more distant points we are getting \$8 per ton. I think what we will do with our scrap-steel situation will be to sell it to mill men, and I am contemplating to-day an arrangement with Messrs. Jones & Laughlin and other mills to take over from us at the market price all of our scrap steel scattered around at various points, or as much as they can absorb at the market rate, and we will load and ship it. It would pay us to do it.

The CHAIRMAN. I should think that that kind of material ought to be disposed of within the next 60 or 90 days.

Capt. BONNAFFON. It will be in less time than that.

The CHAIRMAN. Why was it not disposed of last year? Prices have been coming down all the time.

Capt. BONNAFFON. I can not tell you. I doubt whether we had all of these materials at that time. They have been transferred or certified over to the sales division for disposition. Much of that material has just come in, and it will be coming in as they close out projects. As claims are settled, certain amounts of materials are transferred, and this will be a continuous performance.

The CHAIRMAN. Have you many of those engines?

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. How many, all told?

Capt. BONNAFFON. Four hundred and fifty-three altogether.

The CHAIRMAN. You did not cancel contracts for engines, then, when the armistice was signed, but they kept right on delivering engines?

Capt. BONNAFFON. I do not know anything about that.

The CHAIRMAN. When were the last ones of these engines delivered?

Capt. BONNAFFON. I can find out about that.

The CHAIRMAN. You must have a good many pumps on hand, have you not?

Capt. BONNAFFON. Quite a few pumps and winches.

The CHAIRMAN. More than you will need?

Capt. BONNAFFON. Yes, sir.

The CHAIRMAN. They are of an inferior kind, are they not?

Capt. BONNAFFON. They are not inferior.

The CHAIRMAN. They do not seem to work very well when they put them on the ships, do they?

Capt. BONNAFFON. If you were dealing with ships, you would know that an engineer will ask for a certain kind of winch, and will not take anything else. Another engineer will want another kind. There is a very natural prejudice for the Lidgerwood winch, of which we have a relatively large number. The Lidgerwood winch, I find, is the one that is in constant demand aboard ships, and it is practically the only one that ships will accept. That is because of certain prejudices. I am advised by engineers, however, that this Emerson-Brandingham winch, of which we have about 1,100, is almost, if not quite, equal to the Lidgerwood.

The CHAIRMAN. How many of those winches are used in a ship?

Capt. BONNAFFON. It depends on the ship. They use anywhere from 4 to 12 on a ship.

The CHAIRMAN. How about the Westinghouse turbines. Have you many of them?

Capt. BONNAFFON. I do not recall that we have any.

The CHAIRMAN. How about Scotch boilers?

Capt. BONNAFFON. They are practically all sold.

The CHAIRMAN. How about the other boilers?

Capt. BONNAFFON. We have a great many Babcock & Wilcox boilers.

The CHAIRMAN. You can not sell them?

Capt. BONNAFFON. We can sell them. We had an offer of \$2,500 and another offer of \$1,700 for boilers that cost \$13,000, and I did not feel justified in making the sale.

The CHAIRMAN. Does the Navy use that kind of boiler?

Capt. BONNAFFON. Yes, sir; but they have surplus material. I have been endeavoring wherever possible to throw the requisitions of the Navy Department, the War Department, and the Panama Canal against our surplus, and I have made an arrangement with them for that purpose.

The CHAIRMAN. Have you sold much to the Navy?

Capt. BONNAFFON. Not as much as I hope to sell to them eventually. We are selling odds and ends, including chain, shafting, etc. Wherever we can, we sell to them.

The CHAIRMAN. I wish you would put into the record a statement which will give us some idea as to how much you expect to receive from all sources between now and the end of the next fiscal year, 14 months?

Capt. BONNAFFON. Broken down between now and June 30 and from July 1 to June 30?

The CHAIRMAN. Yes, sir.

TABLE G.

*Division of Supply and Sales—Report of surplus materials and plants available for sale as of May 1, 1921, together with estimated amounts to be realized from sales for remainder of present fiscal year and next fiscal year.*

	Cost.	Appraisal.	Estimated disposal.	
			Remainder of present year.	Next fiscal year.
Plants. (See Exhibit A attached).....	\$99,807,551	\$30,000,000	\$150,000	\$21,523,000
Extension on private plants. (See A).....	784,756	235,000		214,300
Steel. (See Exhibit B).....	25,801,425	6,915,205	275,000	950,000
Engines. (See Exhibit C).....	26,405,964	13,819,658	50,000	1,330,000
Boilers. (See Exhibit D).....	4,369,092	1,307,517	25,000	848,000
Winches. (See Exhibit E).....	1,538,169	949,092	15,000	302,000
Pumps. (See Exhibit B).....	1,567,590	900,600	30,000	420,300
Lumber. (See Exhibit).....	1,188,121	952,751	68,000	272,751
All other materials.....	7,638,320	2,955,328	219,380	2,735,948
Total.....	169,100,988	58,035,151	832,380	28,602,299

<sup>1</sup> It is obvious that it is very difficult to anticipate what amounts will be realized on plants belonging to the United States Shipping Board or those in which the board has an interest. Therefore it is a matter of conjecture as to when a purchaser can be secured. The figures are subject to wide variation from the actual results, but that is as close an estimate as can be made at the present time.

[Exhibit B.]

*Surplus pumps available for sale.*

Location.	Quantity.	Cost.	Appraisal.
<b>Eastern district:</b>			
Hog Island warehouse.....	669	\$543,078	\$358,445
Baltimore warehouse.....	4	402	201
Erie warehouse, Erie, Pa.....	58	35,640	16,400
Merchant Shipbuilding Co., Bristol, Pa.....	37	37,177	16,381
Pusey & Jones, Gloucester, Pa.....	60	11,794	7,858
	828	628,091	399,285
<b>Northeastern district:</b>			
Wilsons Point warehouse, South Norwalk, Conn.....	444	494,955	257,694



*Surplus pumps available for sale—Continued.*

Location.	Quantity.	Cost.	Appraisal.
<b>Western district:</b>			
St. Johns warehouse, Portland, Oreg.....	277	\$93, 180	\$53, 415
Alameda warehouse, Alameda, Calif.....	167	12, 688	6, 273
Grant Smith Porter yards, Aberdeen, Wash.....	2	80	52
Long Beach Shipbuilding Co., Long Beach, Calif.....	2	1, 534	767
	448	107, 482	60, 507
<b>Southern district:</b>			
New Orleans warehouse, New Orleans, La.....	99	97, 859	62, 231
Beaumont warehouse, Beaumont, Tex.....	140	127, 402	76, 627
	239	225, 061	138, 858
<b>Grand total.....</b>	<b>2, 255</b>	<b>1, 567, 590</b>	<b>900, 004</b>

*Surplus steel available for sale.*

District.	Plain.	Fabricated.	Scrap.	Total.	Cost.	Appraisal.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>		
Eastern.....	56, 379	158, 834	7, 861	223, 074	\$24, 672, 250	\$6, 383, 230
Northeastern.....	5, 253	1, 186	894	7, 335	609, 275	257, 650
Western.....	5, 548	21	97	5, 666	426, 000	224, 385
Southern.....	1, 245		7	1, 252	93, 900	49, 940
<b>Total.....</b>	<b>68, 425</b>	<b>160, 041</b>	<b>8, 859</b>	<b>237, 325</b>	<b>25, 801, 425</b>	<b>6, 915, 205</b>

[Exhibit C.]

*Recapitulation.*

Description.	Cost.	Appraisal.
<b>Engines:</b>		
700 horsepower.....	\$1, 755, 000. 00	\$1, 040, 000. 00
850 horsepower.....	1, 015, 000. 00	609, 000. 00
1, 400 horsepower.....	14, 437, 500. 00	6, 875, 000. 00
1, 600 horsepower.....	689, 920. 00	300, 000. 00
2, 800 horsepower.....	4, 900, 000. 00	2, 940, 000. 00
500 horsepower.....	38, 500. 00	28, 000. 00
320 horsepower, Diesel.....	60, 044. 00	48, 708. 00
750 horsepower, Diesel.....	515, 000. 00	231, 750. 00
900 horsepower, Diesel.....	1, 840, 000. 00	1, 075, 200. 00
825 horsepower, Diesel.....	1, 155, 000. 00	672, 000. 00
<b>Total, 453.....</b>	<b>26, 405, 964. 00</b>	<b>13, 819, 658. 00</b>
<b>Bollers:</b>		
Babcock & Wilcox.....	2, 218, 260. 00	665, 412. 00
Scotch marine—		
Engineering & Machine Works, St. Catherines, Ontario.....	155, 005. 00	93, 905. 00
Puget Sound Machinery Depot, Seattle, Wash.....	22, 578. 67	18, 700. 00
New Orleans, La.....	130, 950. 00	102, 000. 00
Ferrysburg, Mich.....	44, 790. 00	27, 000. 00
Standard water tube boilers.....	1, 508, 040. 00	258, 500. 00
Badenhausen boilers.....	289, 469. 00	142, 002. 00
<b>Total, 317.....</b>	<b>4, 369, 092. 67</b>	<b>1, 307, 517. 00</b>
<b>Winches:</b>		
<b>Total number, 2, 284.....</b>	<b>1, 538, 169. 00</b>	<b>949, 092. 00</b>
<b>Grand total.....</b>	<b>32, 313, 225. 67</b>	<b>16, 076, 267. 00</b>

*Surplus material—Engines.*

	Quantity.	Cost (each).	Apprsl.	Location.
700 horsepower.....	3	\$27,000	\$16,000	Corliss, Wis.
Do.....	33	27,000		Chicago, Ill.
Do.....	4	27,000		Wilson Point, South Norwalk, Conn.
Do.....	6	27,000		Hog Island, Pa.
Do.....	6	27,000		Erie, Pa.
Do.....	9	27,000		Tacoma, Wash.
Do.....	4	27,000		Seattle, Wash.
Total.....	65			
850 horsepower.....	3	35,000	21,000	Erie, Pa.
Do.....	19	35,000		Chicago, Ill.
Do.....	1	35,000		Wilson Point.
Do.....	3	35,000		Marine City, Mich.
Do.....	3	35,000		Sturgeon Bay, Wis.
Total.....	29			
1,400 horsepower.....	41	52,500	25,000	Erie, Pa.
Do.....	3	52,500		Los Angeles, Calif.
Do.....	51	52,500		Corliss, Wis.
Do.....	45	52,500		Wilson Point.
Do.....	27	52,500		Beaumont, Tex.
Do.....	15	52,500		New Orleans, La.
Do.....	17	52,500		Hog Island, Pa.
Do.....	32	52,500		Tacoma, Wash.
Do.....	24	52,500		St. Johns, Oreg.
Do.....	10	52,500		Alameda, Calif.
Total.....	265			
1,600 horsepower.....	2	68,992	30,000	Hog Island, Pa.
Do.....	2	68,992		Corliss, Wis.
Do.....	6	68,992		Erie, Pa.
Total.....	10			
2,800 horsepower.....	31	100,000	60,000	Corliss, Wis.
Do.....	7	100,000		Erie, Pa.
Do.....	11	100,000		Hog Island, Pa.
Total.....	49			
500 horsepower.....	2	19,250	14,000	Tacoma, Wash.
<b>DIESEL TYPE.</b>				
320 horsepower.....	2	30,022	24,354	Alameda, Calif.
750 horsepower.....	1	103,000	46,350	Erie, Pa.
Do.....	4	103,000		Hog Island, Pa.
900 horsepower.....	12	115,000	67,200	Do.
Do.....	4	115,000		Auburn, N. Y.
825 horsepower.....	10	115,500	67,200	Skandia Marine Engine, Oakland, Calif.
Total.....	33			
Grand total.....	453			

[Exhibit D.]

*Surplus material—Boilers.*

	Quantity.	Cost.	Appraisal.	Location.
Babcock & Wilcox.....	132	\$16,805.00	\$5,041.00	Hog Island, Pa.
Scotch Marine.....	12	12,917.92	7,792.12	Engineering & Machine Works, St. Catharines, Ontario.
Do.....	1	22,578.67	18,700.00	Puget Sound machinery department, Seattle, Wash.
Do.....	6	21,765.00	17,000.00	New Orleans, La.
Do.....	3	14,930.00	9,000.00	Ferrysburg, Mich.
Standard W. T. boiler.....	35	10,620.00	1,750.00	St. Johns, Oreg.
Do.....	63	10,620.00	1,750.00	Tacoma, Wash.
Do.....	44	10,620.00	1,750.00	Los Angeles, Calif.
Badenhausen boilers.....	21	13,784.25	6,762.00	Tampa, Fla.
Total.....	317			

[Exhibit E.]

*Surplus material—Winches.*

Size.	Quantity.	Cost.	Appraisal.	Manufacturer.	Location.
8½ by 8 inches.....	4	\$750.00	\$576.56	Lidgerwood Manufacturing Co.	Pusey & Jones Co., Gloucester, N. J.
	2		470.00	do.	Wilson Point.
	1		678.30	do.	Corliss, Wis.
	305		552.33	do.	Hog Island, Pa.
	100		552.33	do.	New Orleans, La.
	40		400.00	do.	Wilson Point.
	52		252.70	do.	Hog Island, Pa.
8½ by 10 inches.....	2		804.00	do.	New Orleans, La.
8½ by 8 inches.....	63		252.70	Minnesota Steel & Machinery Co.	Do.
8½ by 10 inches.....	74	882.00	644.39	do.	Beaumont, Tex.
	140		262.50	Fairbanks.	Wilson Point.
8½ by 8 inches.....	12		470.00	General ordnance.	Do.
Moore & Scott.	10		321.75		New Orleans, La.
9 by 9 inches.....	1		270.00	American Clay & Machinery Co.	Lord Construction Co., Providence, R. I.
	9		361.25	do.	Pusey & Jones Co., Gloucester, N. J.
9 by 10 inches.....	2		450.00	Hyde Windlass Co.	Wilson Point.
Not given.....	4	715.85	203.49	National Hoist & Manufacturing Co.	Galveston, Tex. (Pier 41).
8 by 10 inches.....	2	1,012.25	678.30	Vulcan Manufacturing Co.	San Francisco S. B. Co. Oakland, Calif.
Electric.....	2	1,142.37	691.20	A. Box & Co.	Corliss, Wis.
6 by 12 inches.....	126	840.00	644.39	American Hoist & Derrick.	Beaumont, Wis.
7 by 12 inches.....	26	700.00	666.00	do.	National Oil Co., Orange, Tex.
7 by 12 inches.....	4	900.00	144.00	American Hoist & Derrick Co.	Beaumont warehouse.
	61	812.90	644.39	do.	Corliss warehouse.
Not given.....	1	840.00	406.00	do.	McBride & Law, Beaumont, Tex.
7 by 12 inches.....	1	700.00	442.64	do.	New Orleans warehouse.
	2	700.00	492.64	do.	Do.
	23	1,100.00	542.64	do.	Do.
	16	823.54	504.00	Not known.	National Oil Co., Orange, Tex.
8½ by 8 inches.....	5	700.00	302.40	Emerson-Brantingham.	New Orleans.
	1	700.00	352.80	do.	Do.
	2	360.00	127.00	do.	Wilson Point.
	923	615.00	340.00	do.	Corliss, Wis.
	105	615.00	340.00	do.	Hog Island, Pa.
	12	615.00	127.00	do.	Wilson Point.
6½ by 8 inches.....	12	685.00	610.43	Minnesota Steel & Machinery.	New York Shipbuilding Co., Camden, N. J.
Not given.....	7	500.00	300.00	Not given.	Tacoma warehouse.
Do.....	100	500.00	300.00	do.	St. Johns warehouse.
8½ by 6 inches.....	32	500.00	300.00	Hess Martin Iron Works.	Grant Smith Porter Co., Aberdeen, Wash.

**STATEMENT OF MR. W. B. KEENE, ASSISTANT DIRECTOR.****DIVISION OF OPERATIONS.**

The CHAIRMAN. You are the assistant director of operations?

Mr. KEENE. Yes, sir.

The CHAIRMAN. Are you making very much money?

Mr. KEENE. No, sir.

The CHAIRMAN. Are you running behind?

Mr. KEENE. Yes, sir; I think we are running behind.

The CHAIRMAN. You are not certain about it?

Mr. KEENE. Based on all the figures I have received to date, we are running behind.

The CHAIRMAN. How much a month?

Mr. KEENE. We have to base all our estimates, of course, on the figures furnished by the comptroller's office. The estimate which we have for the last three months indicates that in operations, after deducting maintenance, insurance, and overhead, we are running behind approximately \$5,000,000 a month.

The CHAIRMAN. What do you mean by "overhead"?

Mr. KEENE. In the figure of overhead I have just deducted the overhead for the division of operations, the salaries of employees, and the proportion of the rental and expense which is charged to that division.

The CHAIRMAN. What is the total cost of the Division of Operations, as far as salaries are concerned?

Mr. KEENE. As of April 1, \$1,429,240 a year.

The CHAIRMAN. How much did you charge off for depreciation in arriving at that figure?

Mr. KEENE. We did not take any depreciation figures into consideration at all.

The CHAIRMAN. You just took out the insurance that you are paying?

Mr. KEENE. We set up a figure, like all the insurance companies, and I presume it approximately covers outlay and a reasonable sinking fund.

The CHAIRMAN. Your condition is getting better now?

Mr. KEENE. I do not know that I quite understand you, Mr. Chairman.

The CHAIRMAN. The last month is not as bad as it was three months ago?

Mr. KEENE. There is very little difference. In some trades we note an improvement and in other trades there has been a falling off, so that one very nearly offsets the other.

The CHAIRMAN. You are not operating any ships?

Mr. KEENE. No; we operate none directly.

The CHAIRMAN. You grant charters?

Mr. KEENE. Hardly that. We put the bulk of them in the hands of managing agents under an agreement, called a managing agent's agreement. I could file a copy with you, if it has not already been done.

#### MANAGING AGENTS FOR SHIPS.

The CHAIRMAN. How many managing agents have you?

Mr. KEENE. As of May 4 we had 83 managing agents of steamers—I mean by that cargo steamers—7 tugboat operators, and 3 tank steamer operators.

The CHAIRMAN. Who are the managing agents?

Mr. KEENE. They are steamship companies, some of them old companies which operate ships of their own as well as ours, and some of them companies which have been formed for the purpose of operating Shipping Board ships; they are, in effect, steamship companies, some with their own steamships and some without them.

The CHAIRMAN. How many ships are these managing agents operating at the present time?

Mr. KEENE. As of May 4 we had 621 ships in active operations.

The CHAIRMAN. How many of them are operated at a profit?

Mr. KEENE. I can not answer that.

The CHAIRMAN. Do you not know of any?

Mr. KEENE. There are a few cattle ships, that is, cargo ships which, in addition to carrying bulk cargo or general cargo, are fitted to carry a certain number of cattle, which are doing a little better than breaking even, making a small profit from operating. Our refrigerator ships also are making small profits. Taken as a whole, however, the actual cost of operation of the general cargo steamers is very close to or in excess of the revenue. That is, exclusive of maintenance.

The CHAIRMAN. Your maintenance is the actual maintenance cost?

Mr. KEENE. That is set up by us on past performances, I understand.

The CHAIRMAN. As to your combination cargo-passenger ships, are you getting any reports for the last three or four months?

Mr. KEENE. There have been only two of those ships which have made any number of voyages. The others have just been placed in operation. The accounts are not sufficiently complete to tell what they are doing exactly.

The CHAIRMAN. Do you have an agent aboard of these ships in charge of the accounts?

Mr. KEENE. We carry on some of our ships a purser and on some of the freight ships a supercargo, although the supercargo has been largely done away with.

The CHAIRMAN. Does the purser keep account of all receipts and disbursements?

Mr. KEENE. He keeps the receipts and disbursements as applied to that particular ship for the managing agent. The accounts come to us through the managing agent.

Mr. BYRNS. And the agent then sends a report?

Mr. KEENE. Yes, sir; a report is received from the agent.

The CHAIRMAN. They could set up expenses that were never incurred and fail to account for receipts that were actually received?

Mr. KEENE. No; I do not think that would be possible. We have representatives in the principal ports where they touch, and we have managing agents, to whom we have turned over the ships, who would take care of us. We do not think for a minute that any business of that kind is going on.

The CHAIRMAN. Who has charge of the pay of the officers and who regulates the managing agent aboard the ship?

Mr. KEENE. I do not understand you. Do you mean the licensed personnel?

The CHAIRMAN. The men who man the ship.

Mr. KEENE. The pay is based upon the regular rate provided in an agreement.

The CHAIRMAN. As far as the men are concerned and as far as the officers are concerned?

Mr. KEENE. That also applies to the officers.

The CHAIRMAN. How about the managing agent himself, does he draw a salary?

Mr. KEENE. He is paid a certain commission.

The CHAIRMAN. Whether the ship earns it or not?

Mr. KEENE. Whether the ship makes a profit or not. He is paid a commission on the gross revenue. Different percentages apply to different classes of cargo.

The CHAIRMAN. What do the commissions amount to?

Mr. KEENE. For a rough illustration, a bulk cargo, I mean a cargo of one commodity, loaded at one point, he would receive 2.5 per cent of the gross freight list, and on a ship with general cargo covered by numerous bills of lading he would receive 5 per cent.

The CHAIRMAN. Take a combination cargo ship which you are just putting into service on the Pacific, what are the total receipts, approximately, for a round trip to the Orient?

Mr. KEENE. I do not think I have those figures.

The CHAIRMAN. Well, approximately—three or four hundred thousand dollars?

Mr. KEENE. I think \$200,000 to \$225,000 would be nearer to it.

The CHAIRMAN. And no matter how much loss on the trip, the managing agent would get a commission?

Mr. KEENE. Yes, sir; that is the regular commercial practice.

#### BARE BOAT CHARTER HIRE.

The CHAIRMAN. Have you let any of these ships out on a bare-cargo contract?

Mr. KEENE. I see you have the bare-boat charter idea.

The CHAIRMAN. Yes.

Mr. KEENE. There has been a great deal of talk about the bare-boat charter. We have three or four ships out on it now. In its present shape it is not the solution. It is a possibility which has got to be taken and tried out and gone into very carefully.

The CHAIRMAN. My opinion is this—and I may be entirely wrong—that as long as there is no shortage of ships, as long as there is loss, there will be a great demand on the part of the corporations to have this managing agent's agreement, but when it becomes profitable the same fellow who has been running a boat line under a managing agent's agreement will want a bare-boat charter then?

Mr. KEENE. That is human nature, I think.

The CHAIRMAN. But there ought to be a human-nature side which should be reflected in the receipts of the Treasury, as well as the Government standing the loss all the time.

Mr. KEENE. I had one of the biggest steamship men in New York City come to see me this morning. He said in a particular trade, where his company had been operating for years, he would like to take some boats on bare-boat charter, although he admitted that in the present condition of the market he could make more money for himself by running the ship on allocation in that trade. This man is one of the biggest steamship men in America.

The CHAIRMAN. Are not the shipping interests complaining somewhat that you are setting up trade routes that can not help being run at a loss, and at the same time are destroying already established routes that are running at a loss, and that you have two boats therefore in the same port at the same time practically performing the same service?

Mr. KEENE. There has been complaint about some of the services being unprofitable. It was somewhat justified in a number of cases.

The CHAIRMAN. Are you correcting that?

Mr. KEENE. We have corrected that and are still correcting it. There is also something in the statement that the board's ships have been unnecessarily competing among themselves. That was the result of an agreement which became effective March 1, 1920, which permitted the managing agents certain latitude in the handling of ships. Naturally they all drifted to the place where the cargo was, and that resulted in the overtonnaging of certain berths. We will correct that situation entirely in the near future by eliminating certain managing agents and combining the service so that there will be cooperation instead of competition. We have done this in the South Atlantic. We are now working on a schedule for the North Atlantic and hope to have it ready within the next two or three weeks. This schedule will entirely correct that situation.

#### NUMBER OF SHIPS TIED UP.

The CHAIRMAN. How many ships have you tied up now?

Mr. KEENE. As of May 4, tied up and ordered tied up, 685 steel ships.

The CHAIRMAN. Any wood ships?

Mr. KEENE. We do not class the wood ships, from an operating standpoint, as ships.

The CHAIRMAN. You do not call them ships from an operating standpoint?

Mr. KEENE. No, sir.

The CHAIRMAN. What do you call them?

Mr. KEENE. We can not operate them and we know it and we are not trying to make ourselves believe we can nor that the freight rates will permit us to do so.

The CHAIRMAN. You have them somewhere?

Mr. KEENE. Yes, sir; tied up.

The CHAIRMAN. How many?

Mr. KEENE. Two hundred and seventy-four.

#### COST OF KEEPING SHIPS TIED UP.

The CHAIRMAN. How much are they costing you a month?

Mr. KEENE. The last figures show \$110,000 for the fleet for three months.

Mr. BUCHANAN. All the ships—steel and wood?

Mr. KEENE. No; the wood ships.

The CHAIRMAN. How about the concrete ships; are they tied up?

Mr. KEENE. Yes, sir.

The CHAIRMAN. What is it costing to keep them?

Mr. KEENE. I can not tell you without getting some figures. I have just the steel and the wood.

The CHAIRMAN. This morning, as I recall, Admiral Benson made the statement that the wood ships were costing about forty odd thousand dollars a month; his figure should be corrected?

Mr. KEENE. As far as we know, it is the last figure I have given you.

The CHAIRMAN. \$110,000?

Mr. KEENE. \$110,000 for three months; about \$100 a month a ship.

The CHAIRMAN. \$110,000 per month?

Mr. KEENE. No; for the fleet for three months.

The CHAIRMAN. You say it is costing about \$100 a month?

Mr. KEENE. Yes, sir.

The CHAIRMAN. What are you expending that amount for?

Mr. KEENE. It is for the crew—there is a mother ship with a crew—and for subsistence and wages of the crew, and the material which they use in painting and keeping the ships in condition. We have cut the cost down as low as we could.

The CHAIRMAN. Is the same thing true on the Pacific coast?

Mr. KEENE. There are none of the wood ships on the Pacific coast. I believe there are some hulls out there. The wood ships are practically all on the James River.

The CHAIRMAN. What are you doing with the hulls?

Mr. KEENE. The hulls do not come to us; they are in the hands of another division.

The CHAIRMAN. How much is it costing per month to guard and care for the 685 steel ships?

Mr. KEENE. Approximately \$900 per month per ship.

The CHAIRMAN. Why is it costing so much for the steel ships?

Mr. KEENE. It is hardly possible to draw a comparison in this stage of the tie-up. The wood ships have been tied up for a long period. We have cut down the expense to the minimum. The steel ships are getting tied up, and the engines of the ships are being greased and the vessels put in good condition for tie-up. We figure that that amount will gradually be reduced as time goes on.

The CHAIRMAN. Admiral Benson put that figure at \$1,500, as I recall.

Mr. KEENE. These figures which I give you are from the estimates furnished me. Admiral Benson may have included maintenance. These figures are exclusive of the maintenance charge.

The CHAIRMAN. What do you mean by "maintenance"?

Mr. KEENE. We have a regular fixed charge for maintenance that is not included. The figures I have given are the cost of the crew's subsistence and actual out-of-pocket expense.



The CHAIRMAN. Would the maintenance amount to more than \$600 a ship?

Mr. KEENE. I do not know what that would amount to. Yes; my associate thinks that it would make that difference.

The CHAIRMAN. How much of a crew is kept on the ship?

Mr. KEENE. Under the present arrangement we have them in groups of nine ships, and we keep a reduced crew on one ship to look after the nine.

The CHAIRMAN. Are you tying any of these ships at wharves where you are paying expensive charges?

Mr. KEENE. There were some, but we are removing practically all of them now. This is being done as fast as conditions will permit.

WHARFAGE FOR SHIPS TIED UP.

The CHAIRMAN. How much did you pay for wharfage where they were tied up?

Mr. KEENE. I do not know.

The CHAIRMAN. The statement was made by somebody on the floor of the House that the wharfage charge in some instances amounted to \$1,000 a month?

Mr. KEENE. That would not be an excessive charge if she was at the dock a month.

The CHAIRMAN. She should not be left at the dock?

Mr. KEENE. Just as fast as we can find safe places to put them they are removed. For instance, we have been severely criticized by some people about the ships tied up at New York, but have demonstrated that the criticism was unfounded. We had to be very careful to pick an absolutely safe spot to tie the ship up, and it took time, because the depression came quite rapidly.

The CHAIRMAN. Have you any now tied up at docks?

Mr. KEENE. I can not answer that question. We have been checking into it. If there are any there now, there is a reason for it.

The CHAIRMAN. Are you tying up ships right along?

Mr. KEENE. I have some very interesting data on that. We have continued to put ships in tie-up at special places, more in tie-up than we have taken out, up to April 30. Last week was the first week this year in which we took out and placed in commission more ships than we tied up.

The CHAIRMAN. Have you a table showing the movement of the ships, with regard to putting them into commission, tying them up, etc.?

Mr. KEENE. I have this table from January 8 [indicating].

The CHAIRMAN. Please put that in the record.

Mr. KEENE. Yes, sir.

(The table referred to by Mr. Keene follows:)

TABLE H.

Week ending Saturday—	Steel steamers ordered tied up.	Lakers.	Reas-signed.	Tugs tied up.	Tugs re-assigned.	Tankers tied up.	Tankers reas-signed.	Steamers reported idle.	Lakers.
		<i>Per cent.</i>							<i>Per cent.</i>
Jan. 8. ....	36	52	6	2	.....	.....	.....	60	55
Jan. 15. ....	41	39	3	1	.....	.....	.....	59	52
Jan. 22. ....	31	36	6	2	.....	.....	.....	53	53
Jan. 29. ....	36	33	4	.....	.....	.....	.....	57	44
Feb. 5. ....	35	29	3	.....	.....	.....	.....	58	40
Feb. 12. ....	59	20	10	.....	.....	.....	.....	55	39
Feb. 19. ....	36	30	8	.....	.....	1	.....	54	50
Feb. 26. ....	35	26	8	1	.....	6	.....	54	50
Mar. 5. ....	40	25	11	.....	.....	.....	.....	57	50
Mar. 12. ....	36	11	6	.....	.....	19	1	56	50
Mar. 19. ....	43	23	9	1	.....	3	1	48	52
Mar. 26. ....	44	39	10	1	.....	1	.....	37	43
Apr. 2. ....	17	17	8	.....	.....	4	.....	37	43
Apr. 9. ....	16	13	11	.....	.....	1	.....	39	41
Apr. 16. ....	46	30	9	3	.....	.....	.....	34	32
Apr. 23. ....	20	35	14	.....	.....	.....	.....	29	30
Apr. 30. ....	40	12½	22	1	.....	11	2	20	40
May 7. ....	19	10	39	.....	.....	.....	1	23	35

The CHAIRMAN. What are the indications with regard to putting ships into commission and paying the expense?

Mr. KEENE. I think we have about reached the peak of our tie-up. I am not particularly optimistic about having any large number of them withdrawn from tie-up in the near future. At present there is a little flurry in the coal business on account of the strike on the other side. We are doing some coal business, and there has been an increase in the rates, but, taken as a whole, the general-cargo freight offerings are not increasing materially. At the present time there are some more inquiries, but not many.

The CHAIRMAN. How about the shipping interests of the foreign countries, are the ships largely tied up?

Mr. KEENE. All the reports we can get indicate a large number of ships tied up in Great Britain, Belgium, France, and even Norway. Even the Norwegians have found it necessary to tie up. They can operate steamships cheaper than any of us.

The CHAIRMAN. Are over half of those ships tied up now?

Mr. KEENE. Approximately 50 per cent of our steel ships.

The CHAIRMAN. And all the wooden ships?

Mr. KEENE. Yes, sir.

Mr. BYRNS. I thought I understood Admiral Benson to say this morning that the wages paid by the Norwegian shipping companies were greater than those paid by England and France. I may have misunderstood him.

Mr. KEENE. I think you misunderstood him.

Mr. BUCHANAN. He said that our wages were higher than Great Britain's.

Mr. KEENE. I have a very good comparison of that, particularly in the highly competitive West Indian trade. Their wages are very materially lower and their crew is smaller.

Mr. BYRNS. I evidently misunderstood him.

Mr. KEENE. Yes, sir.

The CHAIRMAN. Are you opening up any trade routes that should prove profitable?

Mr. KEENE. We believe that we have covered nearly all of them. We are opening up one occasionally, but our tendency recently has been to cut down the trade routes rather than to increase them. The war created a heavy movement of tonnage which made necessary the establishment of routes which could not be permanent. Those are being discontinued.

The CHAIRMAN. How soon do you expect the Emergency Fleet Corporation will be able to operate these ships at a profit?

Mr. KEENE. Any estimate I should make would simply be a guess, because it depends so much on the world conditions. I think there will be a gradual improvement, but I do not look for anything in the way of a radical change in the near future.

#### DEPRECIATION.

Mr. BYRNS. I understood you to say that you were operating now at about \$5,000,000 a month loss?

Mr. KEENE. Approximately.

Mr. BYRNS. And then you said that there is no improvement and you do not look for any very soon?

Mr. KEENE. Yes, sir.

Mr. BYRNS. You do not figure anything for depreciation?

Mr. KEENE. No, sir.

Mr. BYRNS. Would not private interests figure depreciation as a part of the operating expenses?

Mr. KEENE. Yes' sir; it would simply be a bookkeeping charge set up against invested capital.

Mr. BYRNS. Is there any custom as to the amount of percentage that they charge off for depreciation?

Mr. KEENE. It varies with different companies. Some companies usually charge 5 per cent and some companies 2.5 per cent.

Mr. BYRNS. Is there anything else that private interests are in the habit of charging in as a part of their overhead which you have failed to charge in?

Mr. KEENE. I do not know of anything.

Mr. BYRNS. Nothing except depreciation?

Mr. KEENE. That is all.

The CHAIRMAN. What has been the largest amount of loss in one month in operations?

Mr. KEENE. I can not give you that information. The comptroller could answer that question better than I could. I believe a statement has been made in connection with the number of ships tied up, to the effect that we have not tied up as many as private owners. I probably should take this opportunity to say we have tied up more in proportion to our fleet of steel ships than the average private owner has. We have simply made an effort to maintain such trade routes as we have felt it absolutely necessary to maintain, and to conserve the revenues of the corporation all we could.

The CHAIRMAN. Do you expect to get to a point where you will break even within the next three or four months?

Mr. KEENE. Possibly by the end of the year.

The CHAIRMAN. The end of this fiscal year?

Mr. KEENE. No; by the end of the year 1921; the late months, November and December.

The CHAIRMAN. Then what do you anticipate will be the result during the remaining six months?

Mr. KEENE. I would hesitate to guess.

The CHAIRMAN. As I recall, the director of operations a couple of months ago thought he was going to make \$60,000,000 this year, or \$100,000,000.

Mr. KEENE. I never saw those figures that I recall. Conditions changed very rapidly, and this drop came fast when it started.

#### CLOSING OF SHipyARDS.

The CHAIRMAN. Mr. Tweedale, what has the board done, if anything, looking toward a shutting down of all shipbuilding yards for a time—say, six or eight months, or until conditions get better?

Mr. TWEEDALE. Did you say shipbuilding yards?

The CHAIRMAN. Yes.

Mr. TWEEDALE. They have not done anything, as far as I know. As far as I can see from the records that have come to me, they have felt that they should continue the program and get it cleaned up.

The CHAIRMAN. Why?

Mr. TWEEDALE. The cases we have—that is, ships to be completed—are in the nature of cancellation settlements, where we have canceled a whole lot of ships in a particular yard under the contracts they had, and they felt at that time that it was the cheapest thing for the Government to do to continue the balance, and they have not changed that policy, as far as I can learn.

Mr. BYRNS. You are speaking of ships in process of construction?

The CHAIRMAN. Yes.

Mr. BYRNS. I understood Commander Gatewood to say this morning that 98 per cent of the total program had been completed and that the ships now in process of construction were 70 per cent or more completed.

Mr. TWEEDALE. Yes, sir; and in each one of these cases of ships that we are constructing they concluded to build them because of the cancellation adjustments that were made.

Mr. BYRNS. Then, I take that, in addition to the amount of money already contracted for and actually spent toward the construction of these ships there is a certain amount of material on hand or contracted for which will be used in the completion of the ships?

Mr. TWEEDALE. Not only that, but all of the furnishings for the passenger ships have been contracted for.

Mr. BYRNS. So that it would really amount to a very serious loss to cancel them or hold them up?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. I am not very well enlightened as to how much money you are going to get from sales.

Mr. TWEEDALE. I have sent for the manager of ship sales. We could not get from the Sales Division any kind of an estimate as to what moneys would be received during the next fiscal year out of the sale of ships. The fact of the matter is that they claimed that

the market was bad, and that they were not in a position to determine what they would be able to do.

The CHAIRMAN. I understand that, but now they are selling some things like hulls and selling houses, so that you are getting in some money and ought to get in more.

Mr. TWEEDALE. They estimated, as a part of the revenue which you see stated in the statement we put in the record, that they would get in during the months of April, May, and June in the neighborhood of \$1,700,000 from ships that have already been sold. That is their estimate of the amount that they will get out of the notes which we have on hand, but most of them are being deferred.

The CHAIRMAN. That is for the rest of this year?

Mr. TWEEDALE. Yes, sir. There have been practically no sales in the last three months of any kind, and not only that, but the contracts we made for the sale of some other things have not been carried through. Take the sale of lumber. They did not carry out their contract at all; they left it on our hands, and we have had quite a good deal of difficulty in making collections for what they did sell.

The CHAIRMAN. Have you the lumber?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. Why do you not sell it?

Mr. TWEEDALE. We are arranging to send most of it to South America.

The CHAIRMAN. Why do you not sell it here and help our home building proposition; that is, by selling it for a reasonable price? You can sell lumber in the United States if it is suitable.

Mr. TWEEDALE. Well, it is; we are recutting a lot of it. We had practically sold it, but the purchaser fell down on his contract and we have it back again to sell.

The CHAIRMAN. How much have you?

Mr. TWEEDALE. In this particular contract there was \$600,000 worth of lumber in the storage yard.

The CHAIRMAN. How much have you all told?

Mr. TWEEDALE. I can not tell you that.

The CHAIRMAN. \$5,000,000 worth?

Mr. TWEEDALE. Well, a large part of the lumber has been sold; our big lumber yards have been very materially cleaned up, but there certainly is \$1,000,000 worth of lumber for sale, I should say.

The CHAIRMAN. It seems to me that is where the Government falls down all along the line in salvaging. I do not understand why you do not use the agencies that have grown up in the United States for selling lumber, namely, the private and wholesale lumber yards, instead of selling it for \$600,000 to a man who may never intend to take it; he could put up a certified check and forfeit it if by that method he could keep out of the market a big amount of lumber until he could get his particular product disposed of. There are thousands of lumber yards over the United States selling lumber, and if you sold your lumber for \$1, \$2, or \$3 per thousand feet less you would get the trade and keep it until your product was disposed of. You are carrying insurance, and all that sort of thing, and running the risk of having it destroyed, while the lumber market is going down and down. That has been true ever since the armistice was signed and yet you have a lot of lumber on hand. From what

you have said, I suppose you have a whole lot of shapes that you never intended to use and that you could have sold. I have understood that you had offers for \$1,500,000 worth of scrap shapes that some concerns wanted to make over. You turned them down but come to us for money when there is no money in the Treasury to appropriate unless it is brought in by taxation. Have you many automobiles?

Mr. TWEEDALE. No, sir; very few; we have disposed of most of them, and what are left are not worth very much; they are rather expensive, because they have become so worn down.

The CHAIRMAN. You have no new machines that can be allotted?

Mr. TWEEDALE. I do not know of any new ones at all. I saw a report Saturday as to some of our machines in Philadelphia that are costing \$250 a month to operate, and I told them to lay them up. The admiral made a study of that, and he requires a report each month as to the cost of operation each month, so that he gets it in front of him.

The CHAIRMAN. I hope there will be some sort of an inventory put in the statements I have asked to be supplied for the record. I do not mean a complete inventory, but I mean the number of thousand feet of lumber you have, what you have in the way of shapes, and your surplus of tools and machinery, so that we can get some kind of an idea of what you have.

Mr. TWEEDALE. We sold our engines at one time, and we have had great difficulty in getting the contractor to take those engines.

The CHAIRMAN. Why do you not sue him?

Mr. TWEEDALE. Well, it seems to me we probably ought to require the performance of the contract.

The CHAIRMAN. Do you not make anybody comply with your contracts?

Mr. TWEEDALE. Yes, sir.

The CHAIRMAN. That is, when you owe them?

Mr. TWEEDALE. Well, we try to see that the contracts are literally carried out. You know that Admiral Benson has been very insistent that we should carry out every detail of the contracts. From looking over the contracts made during the war I gathered that some of the contracts were hurriedly drawn and some of them rather improvidently drawn, but wherever we can correct that situation we try our best to do it.

Mr. BUCHANAN. Has the board come to any conclusion as to what will ultimately become of those ships?

Mr. TWEEDALE. You mean the wooden ships? No, sir; it has not.

Mr. BUCHANAN. None whatever?

Mr. TWEEDALE. No, sir.

Mr. BUCHANAN. Are you going to keep them and pay \$110,000 every three months until they rot?

Mr. TWEEDALE. I can not answer as to that; undoubtedly a policy will be adopted that will obviate the expense.

Mr. BUCHANAN. It looks to me as though the board should determine that question at once. About what did they cost?

Mr. TWEEDALE. About \$750,000 per ship.

The CHAIRMAN. That would be something over \$200,000,000 for these 274 ships?

Mr. TWEEDALE. Yes, sir.

## SALES DIVISION.

The CHAIRMAN. Mr. Philbin, you have charge of the ship sales division?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. You are not able to sell any ships at the present time?

Mr. PHILBIN. No, sir.

The CHAIRMAN. Are you making collections on most of the ships that have been sold?

Mr. PHILBIN. No, sir.

The CHAIRMAN. You are making collections on some, I think.

Mr. PHILBIN. Just a few.

The CHAIRMAN. Are you selling any hulls?

Mr. PHILBIN. No, sir.

The CHAIRMAN. What are you selling?

Mr. PHILBIN. At the present time we are selling a few tugboats. We have had also several tentative offers for the purchase of wooden hulls, but nothing definite. The prices decided by the board are entirely too high and preclude the possibility of sale.

The CHAIRMAN. Take your wooden ships. Are you doing anything with those?

Mr. PHILBIN. No, sir; absolutely nothing.

The CHAIRMAN. And not trying to sell them?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. At what price?

Mr. PHILBIN. Anything we can get for them.

The CHAIRMAN. Have you advertised them in foreign countries?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. But find nobody interested at all?

Mr. PHILBIN. No, sir. We have a sample ship now located at Naples in the custody of Admiral Andrews, United States Navy, who is endeavoring to interest foreign purchasers in this type of tonnage.

Mr. BYRNS. But you have no prospects?

Mr. PHILBIN. No, sir; not at the present prices.

Mr. BUCHANAN. You can not give them away?

Mr. PHILBIN. It is my opinion that we might give them to junk dealers.

The CHAIRMAN. You say you have no one at all interested in these ships?

Mr. PHILBIN. No, sir.

The CHAIRMAN. When did you sell the last of the wooden ships?

Mr. PHILBIN. About nine months ago.

The CHAIRMAN. What did you get for it?

Mr. PHILBIN. \$210,000; the price per dead-weight ton being \$60.

The CHAIRMAN. Was that one of the better of the wooden ships?

Mr. PHILBIN. No, sir just about the average.

The CHAIRMAN. Was it sold to parties here?

Mr. PHILBIN. Yes, sir. Purchasers, however, have been unable to meet their deferred payments and the board was compelled to accept the return of this vessel.

The CHAIRMAN. Did you collect anything on that sale?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. How much?

Mr. PHILBIN. The first installment was \$6,250.

The CHAIRMAN. And that is all they paid?

Mr. PHILBIN. No, sir; an additional payment of \$10,000.

The CHAIRMAN. Have you tried to sell any of these ships in South American countries or Central American countries?

Mr. PHILBIN. No, sir; except through communications received from brokers representing South American purchasers; but due to the high prices asked for this type of tonnage we have been unable to obtain any firm offers.

The CHAIRMAN. Have you sold any of the wooden hulls?

Mr. PHILBIN. In foreign countries?

The CHAIRMAN. On the west coast?

Mr. PHILBIN. Several tentative offers have been received for the purchase of one or more of these hulls at prices ranging from \$8,000 to \$10,000.

The CHAIRMAN. Why did you not sell them?

Mr. PHILBIN. We were getting from \$30,000 to \$35,000 for these hulls on the Atlantic coast, and we thought the prices entirely too low at that time, having previously disposed of all the hulls on the Atlantic coast at an average price of \$32,000. I have recommended that some of these hulls on the west coast be towed to the east coast, as it is thought that a better market will be afforded at his location.

The CHAIRMAN. How many have you on the west coast?

Mr. PHILBIN. Seventy-five.

The CHAIRMAN. You had better sell them for \$10,000.

Mr. PHILBIN. At the present time I would say yes; but when this offer of \$10,000 was received the shipping business had not reached the present depression, and it is very doubtful whether an offer for this price could be obtained for these hulls at the present time.

The CHAIRMAN. What is it costing to preserve those hulls?

Mr. PHILBIN. I am informed by the Supply and Sales Division that the cost of upkeep is \$7.50 per hull per month.

The CHAIRMAN. Have you any others except those on the west coast?

Mr. PHILBIN. We have three on the Atlantic coast.

The CHAIRMAN. Have you any sale for those?

Mr. PHILBIN. They are practically sold, the latest contract to purchase having included all hulls which were located on the Atlantic coast at the time of the execution of the contract.

The CHAIRMAN. What use do they make of them?

Mr. PHILBIN. They have been converting them into coal and oil barges, operating in ocean and coastwise services.

The CHAIRMAN. Can they convert them into coal barges that can be used for river work?

Mr. PHILBIN. No, sir; ocean transportation and coastwise work only.

The CHAIRMAN. Can they be used for carrying ice?

Mr. PHILBIN. Yes; they can be converted to carry any bulk cargo, such as grain, oil, etc.; in fact, some of them have been used for carrying general cargo, agricultural machinery, and other material. Others have been converted into oil barges for coastwise and Cuban trade.



The CHAIRMAN. Could you sell the complete wooden ships for \$25,000 apiece?

Mr. PHILBIN. At the moment, sir, I do not think so.

The CHAIRMAN. You could not sell them at any price?

Mr. PHILBIN. No, sir; the high cost of the operation of wooden vessels as against steel vessels prohibits American purchasers from the employment of this type of vessel in ocean trade.

The CHAIRMAN. What else are you selling aside from the ships and hulls?

Mr. PHILBIN. Completed ships, incompleted hulls, and tugs.

The CHAIRMAN. Then you have not much of an organization.

Mr. PHILBIN. A very small one.

The CHAIRMAN. How large?

Mr. PHILBIN. I have eight.

The CHAIRMAN. Are the prospects for the sale of any of this material looking up any?

Mr. PHILBIN. Yes, sir; provided the prices are fixed upon a basis which will permit American operators to compete with foreigners.

The CHAIRMAN. What will be that price?

Mr. PHILBIN. From \$40 to \$55 in my judgment.

The CHAIRMAN. For steel cargoes?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. The fact is that before you can sell you will have to have a policy with regard to sales that you have not had heretofore.

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. And that policy will unquestionably have to be that you will have to mark down your price to something near what the average cost per dead-weight ton of European cargoes will stand?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. Otherwise you would have a ship capitalized in this country at twice what a competing ship with it would be capitalized at?

Mr. PHILBIN. Yes, sir.

Mr. TWEEDALE. The great difficulty about that, Mr. Chairman, is that you have to carry the insurance on it at that rate all the time.

Mr. PHILBIN. All of the fixed charges of operation must enter into this proposition, which is a great hindrance in the operation of privately owned vessels in competition with foreign ships.

The CHAIRMAN. Your insurance is Government insurance?

Mr. PHILBIN. No, sir; private.

Mr. TWEEDALE. For our fleet; yes, sir; but when it gets out of our hands it is not.

The CHAIRMAN. Then you will have to take back a good many of these boats you have already sold.

Mr. PHILBIN. Yes, sir; in my judgment.

The CHAIRMAN. Are the companies insolvent?

Mr. PHILBIN. Not all of them, but the high cost of operation of these vessels in competition with vessels operated under foreign flags necessarily causes a heavy drain on their surplus account and must in time result in financial difficulties. The purchasers of vessels already sold to them by the board are hoping that the board will adjust the prices in order that they may secure, as far as

possible, their equities. Unless some adjustment of price is made, it is my opinion that every vessel which has been sold will be returned to the board.

Mr. BYRNS. Why do you not make them take it, if they are solvent? That is what a private concern would do. Why should the Government act differently where they have made this trade?

Mr. PHILBIN. It is highly questionable whether or not any moneys could be recovered from the nonperformance of purchase contracts or foreclosure under the mortgage by reason of the depreciation in marine securities, which necessarily has a direct influence over the valuation placed upon these vessels by the board, and diminishes their paper assets. It has been clearly demonstrated that it would be to the distinct advantage of the purchaser to annul all contracts and to purchase vessels under the new prices to be decided upon by the board. Under these conditions they could return the vessels to the board and reap any benefit that might be derived from a reduction in prices.

Mr. BYRNS. After they have made a fair and square deal with the Government at a certain price and then they take it into their heads to turn it back to the Government, expecting the Government to make a sacrifice at the expense of the people and of the Treasury, if they are solvent, as you say they are, why does not the Government make them comply with their contract? That is what a private concern would do and that is what you would do as an individual if it was your individual property.

Mr. PHILBIN. The Shipping Board is making every effort to collect all moneys due through failure to carry out contracts of purchase where there are any liquid assets. I reiterate that I do not consider that all the companies so affected are solvent. It is my opinion that in some instances all of their assets have been wiped out in the continued operation of the vessels under the present depression of freight rates. I have particular reference to the small companies, which began business during the war, and were able to continue by reason of the unusual freight rates existing at that time. There are, of course, other large solvent companies from which the board is attempting to collect all moneys due under their contracts.

Mr. BYRNS. Has the board brought any suit for the amount due on these boats that were taken back?

Mr. PHILBIN. In the event of a company failing to meet its obligations to the board, the matter is immediately referred to the legal division for action. It being their function to institute the necessary proceedings to properly protect the board's interests.

Mr. BYRNS. You do not know whether the legal department has acted or not?

Mr. PHILBIN. I have been informed that many of these cases have been referred to the Department of Justice for appropriate action, this department being the instrument to carry into effect the directions of the board.

Mr. BYRNS. I wonder if anybody can get that information? I would like to have that information for the record, to see what the board is doing along that line.

Mr. TWEEDALE. I will get that information for you.

## STATUS OF SHIP SALES ACCOUNTS REFERRED TO LAW DIVISION FOR ACTION.

The law division has transmitted three cases to the Department of Justice for suit, the amount involved being \$238,972.11.

There are three cases in course of preparation by the law division to be referred to the Department of Justice, in which there is involved a total amount of \$2,942,261.69.

The law division has under investigation, in order to determine what action should be taken, of 13 cases, aggregating \$1,668,478.96.

Foreclosure proceedings under mortgages have been taken in six instances.

At present there are nine operating companies in hands of receivers to whom 50 ships had been sold and cash payments made of \$4,864,585.76, leaving unpaid approximately \$37,000,000.

We have had to make advances on certifications to the receivers of \$3,048,768.93, and also disburse \$1,100,000, in order to remove liens against the ships.

(Above information furnished by Assistant Counsel Nottingham.)

## SALVAGE FROM SALE OF HULLS.

The CHAIRMAN. Then what are you expecting to get in dollars and cents out of your salvage of hulls and of ships during the rest of this year and the next fiscal year? Have you anything in mind?

Mr. PHILBIN. It is my opinion that the 78 incompleated hulls are about the only vessels that could be disposed of at this time. In all probability we would be able to sell these hulls at approximately \$10,000 each, the total amount accruing from this sale aggregating \$780,000. This statement is based upon information which has come to me from agents of the board in foreign countries, who state that vessels of similar type and tonnage as those offered by the board can be had for from \$28 to \$60 per dead-weight ton, with immediate delivery.

The CHAIRMAN. Has tonnage gone down to that price on the other side?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. Steel ships of a quality equal to ours?

Mr. PHILBIN. Yes, sir.

The CHAIRMAN. And we are asking from \$160 to \$185?

Mr. PHILBIN. Yes, sir; that price was decided last August when prices were abnormal.

The CHAIRMAN. Suppose there was a change in policy so that our ships were put on a competitive basis with foreign ships of equal value, then what could you do?

Mr. PHILBIN. I think, perhaps, we could dispose of 100 vessels over a period of 6 months.

The CHAIRMAN. How about the concrete ships, could you sell those?

Mr. PHILBIN. No, sir; I do not believe that we could dispose of the concrete ships at any price. They have been advertised for sale in marine periodicals of this country and abroad, with the privilege of transfer of flag, but very little interest has been manifested in their sale, the advertisements failing to produce any inquiries.

The CHAIRMAN. These sales that have been made do not carry with them the right to transfer the flag?

Mr. PHILBIN. No, sir; except under 5,000 tons and then only upon application and approval of the board.

## SALARIES OF COMMISSIONERS.

The CHAIRMAN. You are asking that the deficiency bill carry the following item:

That of the unexpended balance of the appropriation for salaries of commissioners for the fiscal year 1920 a sum not to exceed \$787.50 is hereby made available for the payment of difference in compensation between \$7,500 and \$12,000 per annum to such commissioners as were in office on June 5, 1920, if otherwise entitled thereto.

Mr. PIERCE. Mr. Chairman, that is to cover the difference in compensation between \$12,000 and \$7,500 to Admiral Benson and Commissioner Donald from June 5 to June 30, in the fiscal year ending June 30, 1920, and Mr. Stevens, who resigned on June 15, 1920.

The CHAIRMAN. They all served during that period?

Mr. PIERCE. Yes, sir.

The CHAIRMAN. And during that period there were only three commissioners?

Mr. PIERCE. Yes.

The CHAIRMAN. The next provision is as follows:

That of the unexpended balance of the appropriation for salaries of commissioners for the fiscal year 1921, a sum not to exceed \$3,750 is hereby made available for the payment of difference in compensation between \$7,500 and \$12,000 per annum to such commissioners as were in office June 5, 1920, if otherwise entitled thereto.

Mr. PIERCE. That covers Admiral Benson's salary and Commissioner Donald's salary from July 1 to November 30, on which date, or rather December 1, they, together with five members, qualified as members of the new board; that is, the board created under the act of June 5, 1920.

The CHAIRMAN. And during this time we only had two commissioners?

Mr. PIERCE. Yes, sir.

The CHAIRMAN. And they were serving during that period?

Mr. PIERCE. Yes, sir.

Mr. BUCHANAN. Is this to fill up the gap between the time of the law enacted by Congress and the making of the appropriation?

Mr. PIERCE. The appropriation had previously provided for only \$7,500 per annum.

Mr. BUCHANAN. And, as I say, this is to make up the gap in the salary fixed in the old law and the salary fixed in the new law.

Mr. PIERCE. Yes.

The CHAIRMAN. I do not quite understand yet why this second provision is not involved in the first one.

Mr. PIERCE. There are two fiscal years involved. The item of \$787.50 covers the matter to June 30, 1920, and then we go into a new fiscal year, and it is divided up for that reason.

The CHAIRMAN. The first item covers what period?

Mr. PIERCE. From June 5 to June 30, 1920, which is the fiscal year 1920.

The CHAIRMAN. And the second one is between what dates?

Mr. PIERCE. Between July 1, 1920, and November 30, 1920, in the fiscal year 1921.

The CHAIRMAN. Then you are asking that the following provision be inserted:

That of the unexpended balance of the appropriation for salaries of commissioners for the fiscal year 1921 the sum of \$17,500 is hereby made available for the payment of compensation to entire board of seven members created under the merchant marine act, 1920. at \$12,000 per annum.

Mr. PIERCE. Yes, sir. This estimate is based from April 16 and is to cover the compensation of seven members subsequent to the date they qualify after their nominations have been confirmed by the Senate. We put that in for this reason: The appropriation for the prior year had only provided for five commissioners at \$7,500. The Comptroller of the Treasury decided that that being so, there would be no authority for their payment unless Congress made provision for it. So we are anticipating the time from now until the end of the fiscal year when we will have a board of seven members who, under the law, are entitled to \$12,000 per annum.

The CHAIRMAN. How many commissioners have you now?

Mr. PIERCE. We have no commissioners.

The CHAIRMAN. None at all?

Mr. PIERCE. None at all.

The CHAIRMAN. I thought Admiral Benson was one of the commissioners?

Mr. PIERCE. Admiral Benson is acting as chairman under the authority of the President.

The CHAIRMAN. How is he getting his compensation from November 30 last?

Mr. PIERCE. He has not gotten it. We are providing later on for that down to March 3.

The CHAIRMAN. If you have no commissioners now, you do not need this provision from April 15?

Mr. PIERCE. Yes; we need that provision.

The CHAIRMAN. But you will not need that much money.

Mr. PIERCE. No; I was just going to say that that item was based from April 16, and that it can be reduced \$233.33 for every day since that time, or, in other words, basing it on May 16, you can reduce it \$7,000. You can make that item \$10,500, which would be correct, assuming they will be confirmed by May 16.

Mr. BYRNS. They have not yet been nominated?

Mr. PIERCE. No; so I think it would be safe to say they would not qualify before May 16: \$10,500 will cover the salaries from May 16 to June 30 for seven commissioners at \$12,000.

The CHAIRMAN. Then you are asking:

That of the unexpended balance of the appropriation for salaries of commissioners for the fiscal year 1921 the sum of \$10,000 is hereby made available, and in addition thereto the sum of \$10,633.33 is appropriated for payment of salaries of the following commissioners at the rate of \$12,000 per annum for the period while acting as such commissioners, notwithstanding their nominations were not confirmed by the Senate: William S. Benson, Frederick I. Thompson, John A. Donald, Joseph N. Teal, Guy D. Goff, Charles Sutter, Chester H. Rowell.

For what period did they serve?

Mr. PIERCE. That covers the period from December 1, 1920, to March 3, 1921, during which time these gentlemen served as commissioners.

Mr. BYRNS. Did all of them render service during that time?

Mr. PIERCE. All except Mr. Rowell, who resigned on February 1. That has been taken into consideration in the calculation of this sum. I have the details of that here if you want them.

The CHAIRMAN. Suppose you put that in the record.

(The statement referred to follows:)

*Table explaining item of \$20,633.33 submitted in connection with estimates for salaries of commissioners of the United States Shipping Board for fiscal year 1921.*

William S. Benson, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	\$3, 100. 00
John A. Donald, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	3, 100. 00
Frederick I. Thompson, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	3, 100. 00
Charles Sutter, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	3, 100. 00
Guy D. Goff, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	3, 100. 00
Joseph N. Teal, Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, at \$12,000 per annum-----	3, 100. 00
Chester H. Rowell, Dec. 1, 1920, to Feb. 1, 1921, 2 months and 1 day, at \$12,000 per annum-----	2, 033. 33
Total-----	20, 633. 33

The CHAIRMAN. I do not understand yet how you provide for Admiral Benson.

Mr. PIERCE. Provision has been made here for Admiral Benson's salary.

The CHAIRMAN. That certainly ought to be taken care of.

Mr. PIERCE. The situation is that we have in our appropriation for 1921, \$31,250 unexpended balance at the present time, and if you will notice we are taking that balance for the various items we call for here, requiring an actual appropriation of about \$10,000.

The CHAIRMAN. It is very evident that this bill is not going to become a law before the 1st of June, and it is quite likely the Shipping Board will not be created and confirmed by that time, so that if we carried in the provision at the bottom of page 35 a provision of \$7,000—

Mr. PIERCE. As I say, you can figure that amount at \$10,500 from May 16.

The CHAIRMAN. You can figure it at \$7,000, and then we will not need to make any appropriation in reference to the item on page 36, because if you do not use more than \$7,000 of the appropriation to pay for the salaries from June 1 on, you will have \$10,500 that you are not counting on.

Mr. PIERCE. Provided, of course, the commissioners are not qualified prior to June. Of course, that is a matter I can not know about definitely.

The CHAIRMAN. And therefore you would save the \$10,000 that you are appropriating over on the next item.

Mr. PIERCE. That would still leave an appropriation necessary of \$633.33. Let us put it in this way; take the \$31,250 which we have as a balance unexpended—

The CHAIRMAN. Why did you not put all of this in one item and provide for the persons you wanted us to carry an appropriation for instead of stringing it out in three or four different items?

Mr. PIERCE. I do not see how we could have done that very well.

Mr. TWEEDALE. We would have to divide it in two items, because there are two different fiscal years, but we could have covered it all in two specific items.

Mr. BYRNS. As a matter of fact, I take it that this Congress will have a general deficiency bill before adjournment, some time in July or August, and it seems to me that if the President does make these appointments between now and July 1, they could be taken care of in that bill, and then you would know exactly how much it was necessary for us to appropriate for them.

Mr. PIERCE. We would need the \$3,750, and to take care of the situation from June 1 would require \$7,000, and that would make \$10,750, and Admiral Benson's compensation down to June 30 would be \$3,900, which would require an actual appropriation to provide for all of those items of about \$4,500.

Mr. BUCHANAN. Does that exclude any new commissioners being appointed between now and June 30?

Mr. PIERCE. No; it includes them.

Mr. BUCHANAN. How much will be necessary if you exclude them until they are appointed?

The CHAIRMAN. That could be done by simply eliminating this one item at the bottom of page 35.

Mr. BUCHANAN. They can be taken care of after they are appointed. If they are appointed before the bill goes through the Senate, the Senate can put on an amendment to cover them for the balance of the fiscal year.

Mr. TWEEDALE. Mr. Chairman, I do feel that Admiral Benson ought to receive compensation from the 4th of March as chairman of the board, which position he has occupied continuously since that date under authority and by direction of the President.

The CHAIRMAN. Suppose you prepare a draft of that.

Mr. TWEEDALE. I will do so.

REVISED DRAFT OF ESTIMATES OF APPROPRIATIONS FOR COMPENSATION OF COMMISSIONERS OF THE SHIPPING BOARD IN ACCORDANCE WITH REQUEST OF CHAIRMAN HOUSE COMMITTEE ON APPROPRIATIONS.

*Salaries and expenses, 1920.*—That of the unexpended balance for salaries of commissioners for the fiscal year 1920 the following sums are hereby made available for the payment of difference in compensation between \$12,000 and \$7,500 per annum to commissioners in office June 5, 1920, as follows:

William S. Benson.....	\$325.00
John A. Donald.....	325.00
Raymond B. Stevens.....	137.50

*Salaries and expenses, 1921.*—That of the unexpended balance for salaries of commissioners for the fiscal year 1921, amounting to \$31,250, the following sums are hereby made available to pay difference in compensation between \$12,000 and \$7,500 to such commissioners as were in office June 5, 1920; to pay the members of the board who took office December 1, 1920, but whose nominations were not confirmed by the Senate, while acting as such commissioners; and to pay William S. Benson while acting as chairman of the United States Shipping Board under authority of the President from March 4, 1921, to May 31, 1921, as follows:

William S. Benson.....	\$7,875.00
John A. Donald.....	4,975.00
Frederick I. Thompson.....	3,100.00
Joseph N. Teal.....	3,100.00

Guy D. Goff.....	\$3,100.00
Charles Sutter.....	3,100.00
Chester H. Rowell.....	2,033.33
Total.....	27,283.33

The balance, \$3,966.67, together with the sum of \$3,033.33 which is hereby appropriated, is made available to pay the compensation of entire board of seven members to be appointed under the provisions of the merchant marine act, approved June 5, 1920.

The payment of \$325 to Commissioner William S. Benson is the difference between \$7,500 and \$12,000 per annum from June 5 to June 30, 1920.

The payment of \$325 to Commissioner John A. Donald is the difference between \$7,500 and \$12,000 per annum from June 5, to June 30, 1920.

The payment of \$137.50 to Commissioner Raymond B. Stevens is the difference between \$7,500 and \$12,000 per annum from June 5 to June 15, 1920. Commissioner Stevens having resigned on this date.

These commissioners were in office on June 5, 1920, date of the passage of the merchant marine act.

The payment of \$7,875 to Commissioner William S. Benson is made up as follows:

Difference between \$7,500 and \$12,000 per annum, from July 1 to Nov. 30, 1920, 5 months, at \$4,500.....	\$1,875
Pay at \$12,000 per annum, from Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, while performing duty as commissioner of the United States Shipping Board under recess appointment, which appointment was not confirmed by the Senate.....	3,100
Pay at \$12,000 per annum, from Mar. 4, 1921, to May 31, 1921, 2 months and 27 days, while acting as chairman of the United States Shipping Board under authority of the President.....	2,900
Total.....	7,875

The payment of \$4,975 to Commissioner John A. Donald is made up as follows:

Difference between \$7,500 and \$12,000 per annum, from July 1 to Nov. 30, 1920, 5 months, at \$4,500.....	\$1,875
Pay at \$12,000 per annum, from Dec. 1, 1920, to Mar. 3, 1921, 3 months and 3 days, while performing duty as commissioner of the United States Shipping Board under recess appointment, which appointment was not confirmed by the Senate.....	3,100
Total.....	4,975

The payment of \$3,100 each to Commissioners Frederick I. Thompson, Joseph N. Teal, Guy D. Goff, and Charles Sutter is to cover pay from December 1, 1920, to March 3, 1921, three months and three days, at \$12,000 per annum, while performing duty as commissioners of the United States Shipping Board under recess appointments, which appointments were not confirmed by the Senate.

The payment of \$2,033.33 to Commissioner Chester H. Rowell is to cover pay as commissioner from December 1, 1920, to February 1, 1921, at \$12,000 per annum, two months and one day, while performing service as commissioner under recess appointment, which appointment was not confirmed by the Senate. Mr. Rowell resigned February 1, 1921.

Attached hereto is copy of letter from the President, dated March 11, 1921, to Admiral W. S. Benson, authorizing him to continue as chairman of the Shipping Board.

THE WHITE HOUSE.  
Washington, March 11, 1921.

MY DEAR MR. CHAIRMAN: Word has come to me that there is some embarrassment relating to disbursements on behalf of the Shipping Board because of the temporarily unorganized state of the board.

I am writing to reaffirm my previous request that you continue to function as though the board were fully organized and assert your full authority under the law.

I would like you to immediately advise department heads, disbursing authorities, or other agencies of the board to function in a normal way and be confident of the support of the Executive in meeting the exigencies which arise. I can not believe it the intention of the Congress to make possible a situation



under which the board ceases to function, even though but one commissioner were on duty.

I would like to be assured of your full understanding of this official request, and will be confident of your compliance therewith.

Very sincerely,

WARREN G. HARDING.

Admiral W. S. BENSON,

*Chairman United States Shipping Board,  
Washington, D. C.*

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SECTION OF SURETY BONDS, TREASURY DEPARTMENT.

TUESDAY, MAY 10, 1921.

**STATEMENT OF DR. LLEWELLYN JORDAN, CHIEF SECTION OF  
SURETY BONDS, DIVISION OF APPOINTMENTS.**

EMPLOYEES FOR FISCAL YEAR 1922.

The CHAIRMAN. You are asking an appropriation for the Division of Appointments, Section of Surety Bonds: For chief of section at \$2,250, and one clerk of class 4 at \$1,800, \$4,050. This is for next year?

Dr. JORDAN. Yes, sir; for the fiscal year ending June 30, 1922.

The CHAIRMAN. You had your hearing before the legislative subcommittee on this matter?

Dr. JORDAN. Yes, sir.

The CHAIRMAN. And the whole matter was gone into there?

Dr. JORDAN. Quite thoroughly, I thought, Mr. Chairman.

The CHAIRMAN. And they eliminated these two places, did they?

Dr. JORDAN. They eliminated the \$1,800 place.

The CHAIRMAN. And you do not have the chief of division now?

Dr. JORDAN. No; or will not have after the 1st of July.

The CHAIRMAN. Have you that position now?

Dr. JORDAN. We have now until the 1st of July. The current appropriation of June 30, 1921, carries that position.

The CHAIRMAN. After the House refused to give these two positions, did you take the matter up with the Senate Committee on Appropriations?

Dr. JORDAN. They did; and it was restored in the appropriation.

The CHAIRMAN. And it went out in conference?

Dr. JORDAN. Yes, sir.

The CHAIRMAN. Is there anything in addition to what was said before the subcommittee on the legislative, executive, and judicial bill, in support of this item, that you would like to call the committee's attention to?

Dr. JORDAN. Yes, sir. Mr. Chairman, you have before you the letter of our Secretary. Shortly after the Secretary assumed charge of the work of our department, the work of the Section of Surety Bonds was called to his attention specifically by the Assistant Secretary in charge of that work, Mr. James H. Moyle, and I am authorized to make this statement for the Secretary. Realizing the importance and the value of this work and the fact that there is no existing organization in the Division of Appointments to take up

and carry the work on after the 1st of July without any expert, directing head, it was deemed necessary to call your attention in this way, in this letter, to the fact that some provision should be made for a responsible directing head.

I want to add this word of explanation, Mr. Chairman. When the section of surety bonds was created on the 19th day of June, 1911, it was divorced or separated from the Division of Appointments and a position which Congress had given to that division on the 1st of July, 1902, a \$2,000 place, known as a law and bond clerk, the person who occupied that position, who happened to be myself, was put in charge of that newly organized section. I have prepared a statement for the chairman to show the personnel that constituted the organized section, showing the cost to the Government of \$7,000 on the 19th day of June, 1911.

(The statement referred to follows:)

Salary roll of section of surety bonds when created on June 19, 1911:

Law and bond clerk.....	\$2,000
Two clerks, class 1, \$1,200 each.....	2,400
One clerk, class E.....	1,000
One clerk, class 3 (detailed).....	1,600

Total.....	7,000
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Salary roll of section of surety bonds as appropriated for the fiscal year ending June 30, 1921:

Chief, section of surety bonds.....	2,250
One clerk, class 3.....	1,600
One clerk, class 2.....	1,400
Two clerks, class 1, \$1,200 each.....	2,400
One clerk, class E.....	1,000
Assistant messenger.....	720

One clerk, class 4 (detailed).....	1,800
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11,170

At the time that the section was organized five persons were assigned to work, while at the present time eight persons, including an assistant messenger, constitute the personnel of the section of surety bonds.

The increase in the salaries paid during a 10-year period, including the salaries paid to the persons on detail, is \$4,170.

When Congress by act of July 16, 1914, provided a separate statutory roll for the section of surety bonds, it changed the designation of law and bond clerk at \$2,000, which had been provided on July 1, 1902, to chief of the section of surety bonds. This work during the period I have been in charge of it has grown very considerably. The number of bonding companies have multiplied in number from 13 which were doing business with the Government when I took charge, to 32, which is the number we now have; and during that 10-year period which will expire on the 19th of June, 1921, there has been an increase in salaries of \$2,370 only. We have never had at any time, Mr. Chairman, sufficient employees to carry this work on properly, and I have been compelled to rely upon details. We have no \$1,800 place on the roll. Congressman Byrns will recall the effort we made for several years to secure that \$1,800 place, and I am quite sure the chairman will recall it also. I am sure it is not the desire of Congress to cripple the Secretary by failing to give the necessary clerical force to carry this work on.

There are certain duties imposed upon the Secretary under the law and certain responsibilities, which he is compelled to assume, and one of the most important is the critical supervision that is given to these companies that are constantly retiring from business on account of insolvency. There are at the present time nine bonding companies that are in liquidation by reason of their insolvency. The close supervision which I have tried to give this work during the time of my incumbency I am sure has resulted in saving many thousands of dollars to the Government, which otherwise would have been lost. I also want to say to the committee, as I have said a good many times in the past, I have always striven to carry this work on at a very minimum expense to the Government. I have tried to conduct it economically, and if you deprive the Secretary, Mr. Chairman, of the facilities which he is asking for and dispense with the services of a competent or trained expert to take charge of and continue this work after July 1, 1921, you will cripple him. I hope your committee in its consideration of the matter will give very serious consideration to the letter of the Secretary, who has given the matter very mature deliberation. I do not know why the work has been re-assigned to the Division of Appointments. It has no direct or immediate relationship to that office, Mr. Chairman, any more than it has with a half dozen other bureaus in the Treasury Department. We handle more bonds from the Internal Revenue Bureau than we do originating with the Division of Appointments. Last year the section of security bonds handled 94,243 bonds that came from every department of the Government.

Mr. BYRNS. Doctor, you have gone into the matter, and I think the members of the committee are familiar with the work, but I would like to have you state briefly the importance of this work to the Government.

#### DUTIES.

Dr. JORDAN. The chief importance, Mr. Byrns, may be stated in a few words. It is the duty of the Secretary of the Treasury, acting in the interest of the entire Government, to see that these companies are solvent; and seeing that they are solvent involves an examination and an audit of their financial statements. He must certify that fact to every bond-approving officer of the Government. These bonding companies are required to render their financial statements quarterly on blank forms prescribed by the Treasury Department. I am engaged now in auditing the quarterly financial statements of these companies to ascertain their solvency as of March 31, 1921. In addition to that, it is the duty of the Secretary of the Treasury, as a result of these quarterly investigations, to revoke the authority of any one of these companies which he does not deem to be sufficiently strong and solvent to warrant the Government in accepting any further obligations from it. So the Treasury Department is continuously confronted with this condition under the law of being able to say to the War Department, to the Navy Department, and to every department of the Government, "This company is an acceptable company." The Secretary of the Treasury certifies to that fact under the seal of the department.

Mr. BUCHANAN. Do any other surety companies go on the bonds of Government employees except those certified to by the Treasury Department?

Dr. JORDAN. No, sir; they do not, and the work that the Treasury Department does is in the form [indicating] of a rating sheet wherein we certify to the relative standing and stability of these companies four times a year.

Mr. BYRNS. What would you say was the aggregate amount of the bonds taken by the Government?

Dr. JORDAN. Do you mean in number?

Mr. BYRNS. In number or in amount, but I was speaking more particularly of the amount.

Dr. JORDAN. To answer that question intelligently, I want to call the committee's attention to the fact that no bonds that are accepted by the Post Office Department pass under my scrutiny, but speaking for every other department of the Government, we handled last year 94,243 bonds with penalties which aggregated \$1,635,000,000 plus, with premiums collected on those bonds of two and a half million dollars. In addition to other work done, numerous instances are found in the examination of these bonds where the revenues of the Government are not protected by having the necessary internal-revenue stamps affixed to the bonds. So, at every point I have endeavored to give the best service for the least money possible, and I do not want to see our Secretary crippled in the administration of the law by not giving him adequate facilities to carry on the work after July 1, 1921.

The CHAIRMAN. Who would pass on these bonds next year under the force provided for in the legislative bill?

Dr. JORDAN. There is absolutely no one in that organization who is competent to do it; absolutely no one.

The CHAIRMAN. No one has been trained for that work?

Dr. JORDAN. No, sir; the details I have are borrowed people who may be recalled at any time. You have cut out the chief of the section and provided no facilities for training an understudy at all. There is not an \$1,800 clerk on the roll.

The CHAIRMAN. Was it the intention to have the Chief of Division of Appointments supervise this work?

Dr. JORDAN. You mean under the plan of reattaching it?

The CHAIRMAN. Yes.

Dr. JORDAN. I do not know, but I am prepared and authorized to make this statement for the Chief of Division of Appointments, Mr. Chairman, that he has no facilities for doing this work, and unless you give him the same force that is now appropriated for, he can not do the work. That you can verify by calling him before your committee, but he authorized me to make that statement for him. You are crippling the Secretary in this work by not providing some expert who is familiar with the work and who can carry it on, whether it be me or somebody else.

Mr. BYRNS. How many surety companies are there that seek the Government's business?

Dr. JORDAN. On the published rating sheet, Mr. Byrns, revised to March 31, 1921, there were 34. Since that time two companies have become insolvent, one of them an Iowa company. The American

Bonding & Casualty Co., of Sioux City, Iowa, is hopelessly insolvent. There are now 28 companies listed as direct writing companies and 4 reinsuring companies, and there are several more that are knocking for admission at the present time. One of the most important duties of the section of surety bonds—and I want to emphasize it before this committee—is watching these companies when they go into insolvency and rounding up Government claims.

Mr. BYRNS. Who permits a company to become recognized as a company whose bonds will be taken?

Dr. JORDAN. The Treasury Department, under the law.

Mr. BYRNS. Who decides that?

Dr. JORDAN. The Secretary.

Mr. BYRNS. Who does he rely upon for that?

Dr. JORDAN. He relies upon the section of surety bonds, and for 10 years past he has relied upon me.

Mr. BUCHANAN. As the head of that section?

Dr. JORDAN. Yes, sir.

The CHAIRMAN. How is the sufficiency or the validity of a bond determined?

Dr. JORDAN. Do you refer to the legal sufficiency?

The CHAIRMAN. Yes.

Dr. JORDAN. That involves a good many side issues. Mr. Chairman, but let us take the Treasury Department as an illustration. The Solicitor of the Treasury is the legal adviser of the Secretary of the Treasury. If a bonded official, a collector of customs or a collector of internal revenue or any other bonded official of the Treasury Department, gives a bond, the administrative details are attached to in the Division of Appointments. The bond then comes to the section of surety bonds, if it be a corporate surety bond or an individual surety bond. What for? In the case of a corporate surety bond, to certify to the solvency of the bonding company.

The CHAIRMAN. Yes; but who passes upon it?

Dr. JORDAN. The legal sufficiency or the phraseology. Mr. Chairman, is passed upon, as far as it is passed upon, by the solicitor, but the forms are all printed and they go to the Solicitor of the Treasury in order that he may give them his pro forma approval.

The CHAIRMAN. Who determines the question of whether the bond is in a sufficient amount or not?

Dr. JORDAN. That is an administrative detail in the particular office. For example, in the public moneys division, when a bond of indemnity is taken to cover a lost check, the officer in charge of the public moneys division decides upon what the penalty of the bond shall be. That is an administrative detail that the section of surety bonds has nothing to do with at all. The same thing is true of every other department of the Government. The question of determining the amount of potential liability in the shape of the penalty of the bond is an administrative detail unless it be fixed by law.

The CHAIRMAN. Then your duties are largely confined to the question of the solvency of the company: whether or not the bond offered is a bond of a recognized surety company, and matters of that kind.

Dr. JORDAN. Yes, sir; and certifying to the fact, if it be a fact, that the agent or agents signing the bond on behalf of the bonding company have authority on file with the section of surety bonds authoriz-

ing such person or persons to bind the bonding company on the particular obligation.

If no authority is found on file with the section of surety bonds, the home-office officials of the bonding company are called upon to ratify and confirm the act of the signing agent or agents.

This procedure makes it necessary for the bonding companies to file with the section of surety bonds of the Treasury Department card powers of attorney upon forms prescribed by the Treasury Department, showing the exact authority conferred upon the agent and the capacity in which he shall sign Government bonds as the authorized representative of the bonding company.

The chairman called attention to the work of the Solicitor of the Treasury in connection with passing upon the legal sufficiency of bonds given by officials of the Government who are bonded in connection with the receipt and disbursement of public funds.

In answer it was stated that the section of surety bonds in the discharge of the duties intrusted to that section passed upon and certified to the solvency of the particular bonding company and to the authority of the agent or agents who signed the bond on behalf of the company.

There is no duplication or overlapping of effort of any kind in the discharge of the respective duties performed by the section of surety bonds of the Treasury Department and the office of the Solicitor of the Treasury.

Each duty performed is essential to the other, and the prerequisite to the acceptance and approval by the Solicitor of the Treasury of any bond referred to him is the certificate of the section of surety bonds of the Treasury Department as to the solvency of the bonding company, if it be a corporate surety bond, and the certificate as to the authority of the signing agent or agents who executed the bond.

I desire to append to my remarks a summary of the number of bonds handled by the section of surety bonds in addition to other work performed by that section during the calendar year 1920.

I also wish to insert as a part of the record a copy of the report of a committee which investigated the character of the work performed by the Treasury Department in determining the continuing solvency of bonding companies doing business with the Government and invite special attention to the recommendations of that committee which resulted in the organization of the Section of Surety Bonds as a separate and distinct organization in the Secretary's office of the Treasury Department when the work was divorced and separated from the Division of Appointments on June 19, 1911.

Statement showing number of bonds received by the section of surety bonds during the calendar year 1920, recorded, and either filed therein or forwarded to the several auditors of the departments.

Companies.	Bonds.	Fidelity.		Bonds.	Surety penalties.	Premiums.	Bonds.	Total penalties.	Premiums.
		Penalties.	Premiums.						
Actua Casualty & Surety Co.....	35	\$1,065,000.00	\$998.46	3,788	\$18,638,652.00	\$110,597.28	3,823	\$19,703,652.00	\$111,566.74
American Bonding & Casualty Co.....	47	222,000.00	277.45	12	19,025.00	76.20	40	242,025.00	143,453.75
American Indemnity Co.....	6	53,000.00	121.75	17	79,298.00	797.68	23	132,262.00	919.43
American Surety Co.....	566	7,187,375.00	8,792.68	13,196	196,112,354.00	226,539.08	13,762	203,299,720.00	235,131.76
Chicago Bonding & Insurance Co.....				8,558	22,255,440.00	145,390.40	8,558	22,255,440.00	145,390.40
Delaware Surety Co.....				18	1,212,153.00	145,408.13	18	1,212,153.00	145,408.13
Fidelity & Casualty Co. of New York	43	659,000.00	2,113.32	4,901	17,895,482.00	90,213.96	4,944	18,554,482.00	92,327.28
Fidelity & Deposit Co. of Maryland.....	198	3,925,200.00	6,360.39	5,258	27,020,733.00	218,191.94	5,456	30,945,923.00	227,552.33
Globe Indemnity Co.....	9	148,500.00	199.38	1,448	13,536,164.00	58,147.47	1,457	13,684,664.00	58,346.85
Hartford Accident & Indemnity Co.....	27	363,800.00	369.80	3,701	27,767,371.00	102,522.89	3,728	28,130,971.00	102,822.79
International Fidelity Insurance Co.....				2,238	12,430,125.00	73,692.85	2,238	12,430,125.00	73,692.85
Iowa Bonding & Casualty Co.....				10	40,364.00	354.12	10	40,364.00	354.12
Landon & Hancock Indemnity Co.....	12	118,250.00	174.25	44	369,570.00	2,264.01	56	487,820.00	2,458.26
Maryland Casualty Co.....	541	5,841,800.00	6,093.05	1,084	5,461,556.00	20,872.10	1,627	11,303,456.00	37,865.15
Massachusetts Bonding & Insurance Co.....	104	1,190,651.00	2,334.00	233	4,077,000.00	4,114.48	337	2,761,000.00	6,468.48
National Surety Co.....	297	4,815,600.00	6,853.10	10,982	103,839,717.00	561,957.67	11,249	108,653,317.00	568,814.77
New Amsterdam Casualty Co.....	82	1,283,000.00	1,558.75	1,065	5,249,538.00	31,751.19	1,177	6,542,538.00	33,398.12
Pennsylvania Surety Co.....	6	120,300.00	161.12	9	50,800.00	225.00	15	171,100.00	33,398.12
Republic Casualty Co.....	1	15,000.00	15.00	2,397	23,854,644.00	127,246.31	2,398	23,869,644.00	127,261.31
Southern Surety Co.....	33	276,200.00	456.25	4,807	9,975,947.00	76,957.76	4,840	10,252,147.00	77,414.01
United States Fidelity & Guaranty Co.....	675	8,978,460.00	13,581.78	16,315	532,305,677.00	367,875.02	16,990	541,294,137.00	381,456.80
United States Guarantee Co.....	4	42,000.00	42.35	3,448	19,783,940.00	213,217.76	3,552	19,825,940.00	213,260.11
Royal Indemnity Co.....	60	260,800.00	461.75	3,208	1,657,585.00	4,642.30	2,688	1,918,365.00	5,104.05
Preferred Accident Insurance Co.....									
Union Indemnity Co.....				13	35,000.00	701.81	13	35,000.00	701.81
Lion Bonding & Surety Co.....	5	35,500.00	59.25	24	45,981.00	2,095.71	29	81,481.00	2,065.96
Total corporate sureties.....	2,721	36,621,336.00	55,044.08	83,107	999,487,217.00	2,450,554.12	83,828	1,036,106,553.00	2,505,598.20
Total individual sureties.....	2	11,000.00	.....	8,413	599,438,942.00	14,616.35	8,415	599,449,942.00	14,616.35
Total number of bonds.....	2,723	36,632,336.00	55,044.08	91,520	1,598,926,159.00	2,465,170.47	94,243	1,635,558,495.00	2,520,214.55

Statement showing number of bonds accepted by the several departments, with corporate sureties, received by the section of surety bonds during the calendar year 1920, recorded, filed therein, or forwarded to the several auditors of the departments.

Departments.	Fidelity.			Surety.			Totals.		
	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.
State Department.....	856	\$4,192,000	\$6,420.00	4	\$20,900	\$30.00	860	\$4,212,900	\$6,450.00
District of Columbia.....	422	.....	.....	232	1,720,655	26,238.20	232	1,720,655	26,238.20
Treasury.....	339	3,635,000	5,053.50	1,021	31,360,876	336,404.50	2,343	35,025,876	341,438.09
Internal Revenue.....	123	4,954,000	8,012.97	4,323	75,659,378	286,679.60	4,662	81,879,378	294,692.57
Department of Justice.....	79	1,358,500	4,745.25	75,857	980,246,703	1,502,805.88	75,980	985,210,733	1,507,551.13
Post Office.....	1	10,000	2,798.50	11	18,200	1,502,167.23	90	1,376,700	2,965.79
Navy.....	166	2,155,600	10.00	1	1,000	5.00	2	11,000	15.00
Interior.....	387	6,793,498	2,266.12	3,535	18,969,661	178,235.20	3,701	21,055,261	180,501.32
Agriculture.....	48	876,500	13,465.78	280	1,668,987	137,371.70	3,667	8,462,483	150,837.48
Commerce.....	91	688,000	904.50	166	3,490,364	42,080.40	214	4,365,864	42,984.90
Labor.....	6	57,700	734.50	102	528,986	7,686.81	193	1,216,986	8,421.31
United States Shipping Board.....	90	1,471,500	103.50	40	339,628	3,433.27	46	1,397,328	3,536.77
Government Printing Office.....	1	50,000	8,158.50	61	3,624,804	31,455.53	151	5,086,304	39,614.03
Independent bureaus.....	89	3,617,000	2,062.50	16	3,338,788	2,838.51	17	5,388,788	2,888.51
Grand total.....	2,698	36,079,296	54,815.68	86,591	1,068,740,260	2,562,200.56	89,289	1,104,819,556	2,617,026.12



*Statement showing number of bonds accepted by the several departments with individual sureties, received by the section of surety bonds during the calendar year 1920, recorded, filed therein, or forwarded to the several auditors of the departments.*

Departments.	Fidelity.			Surety.			Totals.		
	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.	Bonds.	Penalties.	Premiums.
State Department.....	1	\$7,000		12	\$21,400		1	\$7,000	
District of Columbia.....				183	1,927,650	\$230.85	12	21,400	
War Department.....				6,898	3,177,468	100.00	183	1,927,650	\$230.85
Treasury.....				960	4,154,916	12,553.00	6,898	3,177,468	100.00
Internal Revenue.....				49	207,700		960	4,154,916	12,553.00
Department of Justice.....				324	589,702,352	162.00	49	207,700	
Navy.....				9	43,850	70.50	324	589,702,352	162.00
Interior.....				1	200		9	43,850	70.50
Agriculture.....							1	200	
Commerce.....	1	4,000					1	4,000	
Independent bureaus.....				2	3,200		2	3,200	
United States Shipping Board.....				4	200,000	1,500.00	4	200,000	1,500.00
Government Printing Office.....				1	206		1	206	
Grand total.....	2	11,000		8,413	599,438,942	14,616.35	8,416	599,449,942	14,616.35

TREASURY DEPARTMENT,  
Washington, June 19, 1911.

The honorable, the SECRETARY OF THE TREASURY.

SIR: The general departmental committee on economy and efficiency begs leave to invite your attention to the report of the committee on the appointment division. The first recommendation made in that report is as follows:

That the bond section be made a separate division of the Secretary's office, with the following organization:

One chief of division.....	\$3, 500
One law clerk, who shall act as chief in the absence of the latter.....	2, 500
One clerk, class 4.....	1, 800
One clerk, class 2.....	1, 400
One stenographer and clerk, class 1.....	1, 200
One assistant messenger.....	720
	<hr/> 11, 120

The reasons assigned by the committee for this recommendation are that the work of the section is of sufficient importance to require the entire attention of a person of special ability, who has had special training to fit him therefor; that the work relating to bonds as performed in this section has little connection with appointments, the most important part of the work, it is stated, is that performed in relation to the examination and authorization of surety companies under the act of August 13, 1894, as amended by the act of March 3, 1911, which has no relation whatever to appointments or other changes in the personnel; that 91 per cent of the bonds given were for the performance of contracts wholly disconnected from appointments, 6 per cent of the bonds given were in pursuance of appointments made in other departments, and only 24 per cent of the bonds given were pursuant to appointments made in this department; that the work is of such importance that the person in charge of it should report directly to the Secretary or an Assistant Secretary in charge. The committee cites instances which go to show the necessity for a more efficient organization of the bond section and closer supervision of surety companies. It is believed this can be better done if the employee in charge is under the direct supervision of the Secretary or an Assistant Secretary.

In this connection, attention is invited to your letter of April 26, 1910, addressed to the Speaker of the House of Representatives, in part as follows:

"The formation of a separate division is necessary and preferable to the conduct of the work as a branch of the appointment division. The work embraces the supervision of all the surety companies and the bonding business of all the executive departments except the Post Office, and is not confined to the bonding division of the Treasury Department or to bonds required pursuant to appointments made under this department. It is of a technical, legal, and financial character and it is of the utmost importance that the officer in charge shall report directly to the Secretary or to an Assistant Secretary of the Treasury the result of his examination of the companies, and other matters of a confidential character which such work necessarily involves."

The general committee believes the foregoing reasons to be well founded and of sufficient importance to justify the separation of the bonding section as now organized from the appointment division at this time. A new bond clerk is about to be installed, and it is believed that with the report of the committee to guide him, and under an efficient reorganization of the work of this section it will be possible to attain a much higher standard of efficiency.

In view of the foregoing we now have the honor to recommend that the bonding section be divorced from the appointment division, and that it be placed in charge of Assistant Secretary Bailey.

Respectfully,

JAMES L. WILMETH,  
LAURENCE O. MURRAY,  
CHAS. A. KEAM,  
CLAUDE GILBERT,  
*Committee.*

Approved:

R. O. BAILEY,  
*Assistant Secretary.*

Approved:

(Signed)

FRANKLIN MACVEAGH,  
*Secretary.*

## ORDER.

JUNE 19, 1911.

It is hereby ordered that on and after this date the bond section in the appointment division shall be separated therefrom and placed under the Assistant Secretary in charge of public buildings and miscellaneous divisions. The administrative authority heretofore exercised by the appointment division shall hereafter be vested in the clerk in charge of the bond section under the immediate supervision of the said Assistant Secretary. The clerks and employees of the appointment division who are engaged in whole or in part in the work relating to bonds will be detailed to the bonding section. All desks, typewriters, and other equipment now in use in the bonding section will be made available for the use of the new bonding section established by this order.

Certain preliminary work now performed in the bond section relating to presidential appointments is hereby transferred to the appointment division, with direction that when a commission or letter of appointment has been signed, appointing an officer who is required to give bond, the same shall be transmitted to the bond section by the appointment division, all subsequent work relating thereto to be performed in the bond section.

FRANKLIN MACVEAGH, *Secretary*.

MONDAY, MAY 9, 1921.

## HOUSE OF REPRESENTATIVES.

OFFICE OF THE CLERK—MISCELLANEOUS ITEMS AND EXPENSES OF SPECIAL AND SELECT COMMITTEES.

## STATEMENTS OF MR. WILLIAM TYLER PAGE, CLERK, AND MR. JOHN H. HOLLINGSWORTH, CHIEF CLERK, HOUSE OF REPRESENTATIVES.

The CHAIRMAN. Mr. Page, you are asking for a deficiency appropriation of \$72,854.38?

Mr. PAGE. Yes, sir.

The CHAIRMAN. What is the necessity for the appropriation of so large an amount at this time?

Mr. PAGE. Mr. Chairman, the necessity is set forth in the itemized statement on page 2 of my letter to you. That amount is represented by quite a number of items, chiefly by those of Mr. Clark's funeral, \$10,400; telegrams, \$16,000; telephone service, \$9,000; \$10,000 as estimated by the chairman of the Joint Reorganization Committee; \$5,000 for the Committee on Ways and Means from April 11; \$6,000 is estimated by the chairman of the committee on the Bergdoll investigation as necessary; \$5,000 for reporting hearings of committees of the House; and there are two other funeral items, those for Mr. Booher and Mr. Blackmon. Those are the chief items. The remainder is made up of small items.

## JOINT COMMITTEE ON REORGANIZATION.

The CHAIRMAN. You have \$10,000 estimated for the Joint Committee on Reclassification?

Mr. PAGE. That should be the Joint Committee on Reorganization. That is the committee of which Mr. Reavis, of Nebraska, is the chairman on the part of the House.

The CHAIRMAN. Is this one-half of the proposed expenditures for the remainder of this year?

Mr. PAGE. The House, under the act of Congress, is to pay one half of all the expenses and the Senate the other half. This estimate is made by Mr. Reavis himself.

Mr. BYRNS. How is it made up?

Mr. PAGE. He did not give me the details.

Mr. BYRNS. You have no itemized statement of it?

Mr. PAGE. No, sir. As I understand it, under the act creating this committee, and, also, under the resolution passed the other day by the House creating an executive member of the joint committee, before any money can be expended from either contingent fund it will be necessary for the committee on the part of the Senate and on the part of the House, respectively, to come back to their bodies and get authority to expend what they find necessary to expend.

The CHAIRMAN. Have they incurred any liabilities yet?

Mr. PAGE. I judge that they have.

The CHAIRMAN. What kind of liabilities?

Mr. PAGE. I can only imagine that they have incurred liabilities, such as for their clerical force, etc. I requested Judge Reavis to give me an estimate, and he said at first \$15,000. I said, "Judge, you understand that this is a deficiency estimate to run until the 30th of June?" and he said, "Well, to be on the safe side, I think we had better say \$10,000." Then he said that they probably would not spend more than \$5,000.

Mr. BYRNS. You do not understand that resolution to provide that they must come back to the House and get authority for any particular expenditure, do you? I understood the resolution to provide for the expenses of the Reorganization Committee to be paid out of the contingent fund, one-half by the Senate and one-half by the House. Of course, that would mean that you would honor requisitions from the proper source for paying those expenses, provided you had the money. If this is appropriated, you do not understand that they must come before the House and get express authority to spend the money?

Mr. PAGE. From the way I read the resolution, that would be my interpretation of it. It is a peculiarly worded provision, the like of which I never saw before. I do not know why it was so worded.

Mr. BYRNS. What is the use of making an appropriation now if they must come back to the House and get authority to use it?

Mr. PAGE. We are taking time by the forelock. We did not want to ask this committee for money to run until the end of the fiscal year and then have vouchers coming along to cover something for which we had not estimated.

Mr. BUCHANAN. According to your statement, we would be without authority of law to make that appropriation, because if they have to come back and get authority from the House to use the money, we will be without authority to appropriate it. It would be subject to a point of order.

Mr. PAGE. It would hardly be subject to a point of order if it came by way of a resolution from the Committee on Accounts, because that is a privileged committee.

Mr. BUCHANAN. You stated that they would have to come before the House to get authority to use the money.

Mr. PAGE. That is the way I read the law. I may be mistaken in my interpretation of it.

#### REPORTING COMMITTEE HEARINGS.

The CHAIRMAN. I notice also that you are asking \$5,000 for reporting.

Mr. PAGE. That is our own estimate, Mr. Chairman, and that is intended to cover as nearly as may be the vouchers that come in to us from all of the standing committees of the House, such as your own here, for reporting committee hearings, outside of the work of the regular force of committee stenographers.

The CHAIRMAN. There is not much of that being done now, is there?

Mr. PAGE. Quite a good deal; yes, sir. These vouchers are coming in from time to time, and we can not possibly have any foreknowledge of them. Sometimes they come to us very belated or for reporting done, 6, 8, or 10 months previously.

#### FOR PAYMENT TO WIDOW OF HERMAN A. PHILLIPS, JOURNAL CLERK.

The CHAIRMAN. You also have an item of \$4,000 for the widow of Herman A. Phillips, Journal Clerk, deceased.

Mr. PAGE. We put that in for the reason that a resolution was offered by Mr. Mann of Illinois to pay to the widow of Mr. Phillips that amount of money out of the contingent fund, and that resolution is now pending before the committee on accounts and is likely to be reported.

The CHAIRMAN. Was that his annual salary?

Mr. PAGE. That is the amount of the annual salary.

The CHAIRMAN. How long had he been the journal clerk?

Mr. PAGE. He had been the journal clerk throughout the last Congress, and then in former Congresses. He was the journal clerk in the Sixty-first and some preceding Congresses.

The CHAIRMAN. Is that the old-established custom?

Mr. PAGE. I should say there is a precedent for it with respect to the clerks at the desk, who have been to some extent taken out of the category of other employees in this particular and paid the amount of the annual salary instead of the usual six months' salary, as in the case of other employees.

#### TELEGRAMS.

The CHAIRMAN. You estimate \$16,000 for telegrams: For what period is that?

Mr. PAGE. For four months—March, April, May, and June.

The CHAIRMAN. Is that increasing?

Mr. PAGE. No, sir; except there is a little natural increase on account of Congress being in session. There is an increase in that expense over what it was when Congress was not in session.

The CHAIRMAN. Is it running about the same as it was in the last Congress? I thought we were bringing it down.

Mr. PAGE. There is a considerable decrease from the expense during the war period. That item reached the maximum during the war period, and at one time the bills averaged between seven and eight thousand dollars per month, including the cablegrams. I said then that they would recede, and they did recede.

The CHAIRMAN. That is not much of a recession. Is not that considerably more than we expended on that account before the war? It was not \$4,000 per month in 1916?

Mr. PAGE. I should say that it does exceed the expense of the pre-war period somewhat. There is a more extensive use of the wires, and I would say, also, that there is more supervision of it. There is an effort made every month when these telegrams come in and the schedules of the telegraph companies come in to keep the cost down, and the Committee on Accounts eliminate telegrams which appear to be not altogether of an official nature.

The CHAIRMAN. You have an item for the expenses of special and select committees.

Mr. PAGE. That is covered by the first item, which covers hearings before committees.

The CHAIRMAN. Is that included in the \$72,000?

Mr. PAGE. Yes, sir.

The CHAIRMAN. To what hearings does that relate?

Mr. PAGE. To all hearings.

#### FOR FURNITURE AND REPAIRS, CARPETS, ETC.

The CHAIRMAN. For furniture and repairs you are asking \$10,000. You can not spend \$10,000 for that purpose in one month.

Mr. PAGE. It is not a question of spending it in one month, but it is a question of meeting the demands and obligations for the period of time it covers.

The CHAIRMAN. You will have to spend it before the 1st of July?

Mr. PAGE. Not necessarily.

The CHAIRMAN. You will obligate it?

Mr. PAGE. We would have to have it available. We can not spend it.

The CHAIRMAN. We do not want to appropriate it when you do not know whether you will spend it.

Mr. PAGE. We are already obligated.

The CHAIRMAN. You are right up near the beginning of the next fiscal year, and why would it not be better to wait until next year, when your whole big appropriation will be available for the purpose? Then, if it is not sufficient, at the end of that year you could come back and ask for more money.

Mr. PAGE. The point is that we are operating within the fiscal year 1921, and we could not lawfully expend the appropriation for 1922 for that.

The CHAIRMAN. Why not wait and not buy any more furniture this year, or until after the 1st of July?

Mr. PAGE. We have waited, so far as certain rooms occupied by Members in the House Office Building are concerned, to a desperate point with respect to floor coverings, and that has drawn down upon us the friendly anathemas of certain Members. What we have

obligated over there, with the consent of the Committee on Accounts, represents actual necessities. I went through that building one night and spent four hours inspecting floor coverings in company with Mr. Hollingsworth, with the result that out of the 110 rooms that we examined—and they were rooms that we examined two years ago—we found some 50 carpets in an absolutely disreputable condition and not worthy to be in that building. With the consent of the chairman of the Committee on Accounts, this obligation was created.

The CHAIRMAN. You have gone ahead and bought those carpets?

Mr. PAGE. I did not say we had bought them, but we have obligated ourselves to buy them.

The CHAIRMAN. Have you contracted for them?

Mr. PAGE. Yes, sir.

The CHAIRMAN. Without the money?

Mr. PAGE. Yes, sir.

The CHAIRMAN. Congress is not in a very good position to go after the executive departments for contracting deficiencies if we permit it right here in our own establishment.

Mr. PAGE. Congress, however, has already gone upon record in the statute books as exempting the House of Representatives and the Senate from the law respecting the creation of deficiencies.

The CHAIRMAN. I know that; but, after all, we did that in the belief that we would not do it, or that we were exempt from that sort of thing.

Mr. PAGE. We are just as insistent upon making a record for economy, and probably more so, as almost anybody in the Government service, and it takes all the patience and long-suffering of Mr. Hollingsworth and myself to keep some estimable gentlemen off our backs and to keep them from saying that we are cheap guys.

The CHAIRMAN. You have the best excuse imaginable, and you can send them to the Committee on Appropriations.

Mr. PAGE. We have sent some gentlemen here.

The CHAIRMAN. They have not come here. They know better than to come here. They know that we know their floor coverings are in splendid condition.

Mr. PAGE. I wish you could visualize a few that we saw.

The CHAIRMAN. You do not need \$10,000 for that purpose?

Mr. PAGE. Not for floor coverings alone, but we have other items in there representing actual necessities. Why, Mr. Chairman, we have salvaged approximately \$100,000 worth of equipment here.

The CHAIRMAN. What did you do it with?

Mr. PAGE. We put it in our furniture and repair shop and turned it to good account. It was lying idle on the junk heap, but we have taken it and restored it to its original condition, and have even made it better in some instances.

Mr. BUCHANAN. Why not put it in those offices?

Mr. PAGE. We have, and thus saved money. I can give you a concrete illustration of that to show you how we economize. A certain committee wanted to build a bookcase to go on top of another one, and we estimated that it would cost \$65. Instead of spending that money, Mr. Hollingsworth went down into the bowels of the House Office Building and there found an old-style obsolete case. Nobody

would have it in its present condition, but the furniture repair shop cut off the top, the total cost of labor and everything being only \$3, and it served the purpose exactly.

The CHAIRMAN. I do not understand why those rugs are so disreputable. These rugs in the offices of the Committee on Appropriations seem to be in a pretty fair state of preservation.

Mr. PAGE. They were not in a fair state of preservation this time last year, but during last summer we used a new process by which we cleaned and restored them. We have done that with all the floor coverings in the House Office Building.

The CHAIRMAN. Those rooms in the House Office Building are not used like these rooms. To-day, for instance, we have had at least 30 witnesses here from the Shipping Board, and that is an almost daily occurrence. These rugs have been used constantly, and may be worn a little bit, but I think they are very fine.

Mr. HOLLINGSWORTH. I think you will find that they have been down only four years.

The CHAIRMAN. They have been down longer than that.

Mr. BUCHANAN. The rug in my office has been down for eight years I know.

The CHAIRMAN. Why not renovate those rugs?

Mr. PAGE. They are gone. We have applied every known process for their restoration, and it is simply a case of having to replace them. Some of them are moth-eaten and the nap has been worn off of them.

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TUESDAY, MAY 10, 1921.

**STATEMENTS OF MR. WILLIAM TYLER PAGE, CLERK, AND JOHN H. HOLLINGSWORTH, CHIEF CLERK, HOUSE OF REPRESENTATIVES.**

**PAYMENT TO GEN. ANSELL AND FOR CLERICAL ASSISTANTS.**

Mr. BYRNS. Mr. Page, have you paid anything out of the contingent fund for the so-called investigating committees since the time of the last hearing?

Mr. PAGE. I was here before the committee on January 20, and subsequently we paid on that account \$1,770.78.

Mr. BYRNS. To what committee was that paid?

Mr. PAGE. To the Special Committee on War Expenditures.

Mr. BYRNS. The so-called Graham committee and its subdivisions?

Mr. PAGE. Exactly. There were five subcommittees.

Mr. BYRNS. Have you a statement as to the items of expenditure?

Mr. PAGE. They were all for compensation.

Mr. BYRNS. What do you mean by compensation?

Mr. PAGE. For clerical assistants.

Mr. BYRNS. Were there any attorneys' fees?

Mr. PAGE. I should say that in answering your previous questions I had in mind the appropriation for miscellaneous items for the fiscal year 1921. When I was before the committee in January we obtained a deficiency appropriation for the fiscal year 1920 of \$13,600.98 to cover four vouchers, a part of it to cover a bill of Gen.



Ansell. Gen. Ansell was not paid anything until recently, his voucher being held up by the Committee on Accounts. Upon the approval of that committee he was paid \$4,578.79, or \$2,254.54 less than the original amount.

Mr. BYRNS. Is he still due a further amount?

Mr. PAGE. We do not so consider it. We consider that this is in full payment.

Mr. BYRNS. What is the total amount that has been paid Gen. Ansell from the beginning to the end?

Mr. PAGE. I would like to have an opportunity to look that up.

Mr. BYRNS. You can supply that for the record.

Mr. PAGE. I will do so.

NOTE.—The amounts paid to Gen. Ansell follow:

Dec. 17, 1919	\$600. 00
Apr. 5, 1920	7, 500. 00
Apr. 30, 1921	4, 578. 79
Total	12, 678. 79

Mr. BYRNS. The balance of the expenditures, you say, are for compensation?

Mr. PAGE. For the clerical force of the committees in winding up their affairs. They were practically through with their work in February some time.

Mr. BYRNS. Was any of that paid to those accountants or others who were drawing a per diem?

Mr. PAGE. No, sir.

Mr. BYRNS. Was it paid to clerks on a monthly basis?

Mr. PAGE. It was paid to clerks on a monthly basis.

Mr. BYRNS. Do you know how their salaries ranged?

Mr. PAGE. They had a messenger who was paid \$100 per month, and clerks whose salaries were graduated up to \$200 per month.

Mr. BYRNS. There were no other attorneys' fees except those of Gen. Ansell?

Mr. PAGE. No, sir. That is, none not heretofore shown in the hearings.

Mr. BYRNS. Have all the expenses of the committee been paid now?

Mr. PAGE. So far as we know.

Mr. BYRNS. Except it is possible that something more may be paid Gen. Ansell for his services. I understood you to say that it was cut in two.

Mr. PAGE. It was cut by the Committee on Accounts. That committee, or the chairman of it, refused to pay the whole amount, or any part of it, until the chairman of the select committee, Mr. Graham, gave his approval to the payment of \$2,254.54 less than the original sum of \$6,833.33. I would say, also, that included in the latter figures was an amount covering services of Edmund Leigh, director of the national intelligence plant-protection service. Mr. Leigh's voucher was exactly in the amount deducted from Gen. Ansell's voucher; but there was no relationship between them, as I understand.

Mr. BYRNS. Do you know how much was paid him? You can supply that for the record if you have not the data with you.

Mr. PAGE. To Ansell was paid \$4,578.79, and to Leigh \$2,254.54.

Mr. BYRNS. Was that the total amount paid him?

Mr. PAGE. Yes, sir.

The CHAIRMAN. If you have the figures available, you might insert now the total amount expended by the committee on investigation of the War Department.

Mr. PAGE. Yes, sir. It will comprehend the figures given here at the last hearing plus this \$1,770.78 and \$6,833.33 paid, as I have just stated, to Ansell and Leigh. The grand total was \$149,788.22.

Mr. BYRNS. In the estimates submitted on yesterday, as I recall, there was an item of about \$5,000 for reporting hearings, \$5,000 for the Ways and Means Committee, and about \$6,000 for the Bergdoll committee. Of course, those estimates were submitted by you on the basis of figures handed you by the heads of those committees, just as was done in the case of Mr. Reavis of the Reorganization Committee.

Mr. PAGE. Yes, sir; except the \$5,000 for reporting the committee hearings, which was my own estimate.

Mr. BYRNS. That was for reporters who report for the committees generally?

Mr. PAGE. Yes, sir.

Mr. BYRNS. With reference to those two committees, have you the details of their expenses, or was that just a lump sum handed to you?

Mr. PAGE. So far as I have been able to ascertain them. The hearings before the Ways and Means Committee began on January 6, and were concluded on February 15, since which time they have had two additional hearings, one on April 20, and one on May 3. Since my hearing on January 20, we paid out \$2,191.27, in addition to the \$4,981.61 up to that time. These figures cover the entire 66th Congress, the recess, and the present session to May 1, 1921.

Mr. BYRNS. You are speaking of the Ways and Means Committee.

Mr. PAGE. Yes, sir.

#### BERGDOLL COMMITTEE.

Mr. BYRNS. I was particularly interested in the Bergdoll committee. That is an investigation of which I very much approve, and I was wondering how much it would cost.

Mr. PAGE. That investigation began a week or 10 days ago, and the chairman of the committee, Mr. Peters, expects to conclude it within a total of three weeks, or possibly it will run four weeks. Thus far the regular committee stenographers have been taking care of those hearings in part. For instance, this morning one of the regular force took the hearings all morning, but he will be otherwise engaged this afternoon, perhaps in this committee. The other three regular committee stenographers will be likewise otherwise engaged, so that this afternoon it will be necessary to have outside help to report the hearings of the Bergdoll committee.

Mr. BYRNS. They have a provision for attorneys' fees also.

Mr. PAGE. As nearly as we can estimate it, thus far for expert stenographic services for that committee the cost has been about \$250, and on that basis, carrying it along to its conclusion, we place the minimum at \$1,000 and the maximum at \$1,500.

Mr. BYRNS. For stenographic services?

Mr. PAGE. For reporting the hearings.

Mr. BYRNS. What does the balance represent?

Mr. PAGE. I judge that it represents such clerical assistance as the committee may find necessary, and the resolution under which they are operating authorizes the employment of counsel.

Mr. BYRNS. You have no information, I take it, in regard to the contracts made by the chairman of that committee with counsel or for clerical assistance?

Mr. PAGE. No, sir. I requested the chairman at the outset to give me some kind of an estimate of the probable cost of the investigation, or, rather, what would be necessary for the time being or for his immediate demands, and he said, "You had better make it \$6,000." Whether he had in mind any definite arrangement with the counsel who has been employed, I do not know.

Mr. BYRNS. Now, as to the expenses of the Ways and Means Committee, those are expenses that always occur in connection with their extensive investigations?

Mr. PAGE. Yes, sir. As far back as the Sixty-first Congress, as I recall.

Mr. BYRNS. I take it that it is for the payment of the expenses of witnesses, clerical services, for the services of experts, and others who are necessary in connection with the work of the committee?

Mr. PAGE. Yes, sir. They have some gentlemen down here from New York who are regarded as tariff experts. Mr. Hollingsworth reminds me that in the estimated expenditures of the Bergdoll committee, the amount should cover witness fees as well as the other expenses. That means traveling expenses at 5 cents a mile each way and \$2 per diem, under the old rule of the House.

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SATURDAY, MAY 7, 1921.

OFFICE OF THE SERGEANT AT ARMS.

**STATEMENT OF MR. J. G. RODGERS, SERGEANT AT ARMS, HOUSE OF REPRESENTATIVES.**

FOR ADDITIONAL POLICEMEN FOR HOUSE OFFICE BUILDING.

The CHAIRMAN. Mr. Rodgers, you are asking for a deficiency appropriation of \$6,300 for six policemen at the House Office Building, at the rate of \$1,050 each, during the fiscal year 1922.

Mr. RODGERS. Yes, sir. The last legislative bill cut off 24 policemen from the roll, 14 at \$1,050 and 10 at \$840. We have only 13 policemen for the House Office Building. We have always detailed six policemen from this Capitol force over there, making 19 in all. I have 19 policemen covering that building now; but after the 1st of July I will have to take off the six that are detailed from the Capitol force.

The CHAIRMAN. How many will you have over there after the 1st of July?

Mr. RODGERS. Thirteen.

The CHAIRMAN. How many do you need?

Mr. RODGERS. It takes 19 to cover the building.

The CHAIRMAN. Then, you need only four?

Mr. RODGERS. No, sir; we need the 13 and 6 more. There are only 13 carried in the appropriation for the House Office Building, but we have always detailed 6 from this force over there.

The CHAIRMAN. Can you not continue to do that?

Mr. RODGERS. No, sir; because they have taken 24 off here. We had 33, and they abolished 10 besides that. I talked to Mr. Wood and to Mr. Wason about it, and they said that they did not understand it. The Senate Office Building has 17 policemen, and it is not more than half the size of the building we have to cover.

Mr. BYRNS. You can not reduce the protection in the House Office Building?

Mr. RODGERS. There would have to be some doors without any guards, and you might as well leave all of them that way.

Mr. BYRNS. Have you always had 19 over there?

Mr. RODGERS. Yes, sir; they have opened a new door, on the south-east corner, and there are now seven doors to guard.

Mr. BUCHANAN. There are seven doors?

Mr. RODGERS. Yes, sir; including the mail gate, which is opened at 6 o'clock in the morning. We have more people going into that building than over here.

The CHAIRMAN. How did this mix-up occur?

Mr. RODGERS. The Senate committee struck off 24 men. They did not knock off anything from the Senate Office Building, but they have 17 policemen and a lieutenant over there.

The CHAIRMAN. But they were very liberal in striking off our employees?

Mr. RODGERS. Yes, sir. They put them on the regular roll, and they take half of them. They appoint half of these policemen.

The CHAIRMAN. Heretofore you have had six policemen detailed from the Capitol police over there?

Mr. RODGERS. Yes, sir.

The CHAIRMAN. That detail, together with the 13, made 19. Now, when it comes to making a reduction in the Capitol police force, the reduction has been made so that you can not detail six men from this force over there?

Mr. RODGERS. That is true.

The CHAIRMAN. How many policemen do they have in the Senate Office Building?

Mr. RODGERS. Seventeen.

Mr. BUCHANAN. How many open doors do they have to guard?

Mr. RODGERS. I think there are only four.

Mr. BUCHANAN. And you have to guard seven doors with a force of 13?

Mr. RODGERS. Yes, sir.

MONDAY, MAY 9, 1921.

## OFFICE OF THE DOORKEEPER.

## STATEMENT OF MR. BERT W. KENNEDY, DOORKEEPER.

## FOR FOLDING SPEECHES AND PAMPHLETS.

The CHAIRMAN. Mr. Kennedy, the item in which you are interested is, "Office of the Doorkeeper: For folding speeches and pamphlets, at a rate not exceeding \$1 per thousand, \$8,000, to continue available during the fiscal year 1922, and the appropriation for this purpose contained in the third deficiency act, fiscal year 1920, is continued and made available during the fiscal year 1922."

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. What is the state of your balance for folding speeches?

Mr. KENNEDY. We had appropriated last year \$8,000—that was in the act of June 5, 1920, and the unexpended balance carried over from the appropriation made in the third deficiency appropriation act for the fiscal year 1920, \$6,429. We have not expended the \$6,429.

The CHAIRMAN. Have you anything appropriated for next year?

Mr. KENNEDY. No, sir; not a cent.

The CHAIRMAN. Is this the way the appropriation is usually carried?

Mr. KENNEDY. Yes, sir; in the deficiency bill.

The CHAIRMAN. You are permitted to carry forward your unexpended balance?

Mr. KENNEDY. No, sir; not unless you authorize it specifically.

The CHAIRMAN. Has that been the policy?

Mr. KENNEDY. Yes, sir; so that it can be carried over.

The CHAIRMAN. You will not need as much money this year as last year?

Mr. KENNEDY. We will need more money this year than last year.

The CHAIRMAN. Why?

Mr. KENNEDY. Because there will be speeches on the tariff this year.

The CHAIRMAN. Is that all, Mr. Kennedy?

## FOR WRAPPING PAPER, TWINE, ETC.

Mr. KENNEDY. No, sir; there is one item in the contingent fund, \$3,500 for wrapping paper, etc. That is under "contingent expenses."

The CHAIRMAN. Do you expend that fund?

Mr. KENNEDY. Yes, sir.

The CHAIRMAN. What use have you for paste?

Mr. KENNEDY. We buy a barrel of paste a month, \$7.50. We also use wrapping paper and twine.

The CHAIRMAN. For what do you use the wrapping paper and twine?

Mr. KENNEDY. In folding the books and speeches. We have orders in now for \$3,300 for the special session.

The CHAIRMAN. Is that appropriated under the office of the Doorkeeper?

Mr. KENNEDY. No; it is appropriated under "Contingent expenses," but the Doorkeeper draws upon the fund.

The CHAIRMAN. It is not appropriated specially?

Mr. KENNEDY. No, sir.

The CHAIRMAN. It is appropriated for the contingent expenses of the Clerk's office?

Mr. KENNEDY. No, sir. This is an annual appropriation for folding material. If we had not had an extra session we could probably have gotten through.

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TUESDAY, MAY 10, 1921.

**STATEMENT OF MR. ELLIOTT WOODS, SUPERINTENDENT OF THE CAPITOL.**

**HOUSE OFFICE BUILDING.**

Mr. Woods. Mr. Chairman, I have two or three items I would like to take up with you.

The first is a deficiency on the House Office Building for the fiscal year 1921 amounting to \$18,500. This is made up of the following items, a statement of which I will put in the record: Painting to date, \$7,160; painting for rooms already arranged for between now and the 1st of July, \$3,931; partitions, transoms, doors, and so forth, \$1,408; window gratings and elevator repairs, \$1,864; fixtures for the barber shop, \$305; extra supplies for the building, which were formerly furnished by the chief clerk and now paid for out of the present appropriation for House maintenance, \$3,051; extraordinary roof work, \$505; and extra services of the char force during the last recess of Congress, \$400; the total being \$18,624, but I have asked for \$18,500 as being close enough to that amount.

You will understand, Mr. Chairman, that for the last four or five years we have been unable to do any painting in the House Office Building, due to the close occupancy of the rooms. The building was in very bad shape, and it was decided when the recess came on to paint as many of the rooms as possible, and besides that to arrange a program so that other rooms could be painted as the Members would give them up for four or five day periods. You will understand that during the recess we have had something like 200 shifts in the House Office Building, and that whenever a person moves out of a room there is a general rearrangement of the furniture for the incoming Member, and the walls and the general arrangement of the room are left usually in a very bad condition. In view of the fact that they have not been painted for such a long time it was found absolutely necessary to do this work. As I stated before, the \$3,900 is to include rooms to be painted between now and the 1st of July, for which arrangements have already been made.

The CHAIRMAN. Will you then have painted all the rooms?

Mr. Woods. No, sir.

The CHAIRMAN. About what proportion of them?

Mr. WOODS. We have painted to date 82 rooms. We have painted the rooms of 7 of the committees, which total 16 rooms in number, and 66 office rooms. We have arranged for the painting of about 55 of the office rooms between this and the 1st of July, when the Members agree to give the rooms up for a stated period.

The CHAIRMAN. Do you put on more than one coat?

Mr. WOODS. Yes; two coats to some, three to others.

The CHAIRMAN. How often do you have to paint the rooms?

Mr. WOODS. As a usual thing they should be painted every two years, but during the war period we did not touch them; in fact, we had only painted a few of the rooms during the last four years.

Mr. BYRNS. I do not think the office I am now in has been painted since it was first occupied.

Mr. WOODS. Well, I will not say that all of them are as bad as that. Sometimes we can not get hold of a room because a Member would rather have the room stay as it is than to give it up temporarily. Taking the average cost of these rooms, it will run about \$75 a room if carried out under the program we have just adoptd. For instance, we are carrying at present about eight painters, but will drop down to five in the next 10 days.

The CHAIRMAN. Do you buy the paint and hire the men to do the work?

Mr. WOODS. Yes, sir; we carry the painters on the pay roll. In that way, between coats of paint, we can shift these five men around from one room to another, and I think we are doing it very economically. With relation to the item of \$1,400 for partitions, it was found desirable to install transoms in all of the French casement windows on the top floor, because in cold weather if a man opened one of the casement windows he was liable to get more air than he needed. By placing a small transom at the top of those windows I think we have accomplished all that is necessary for ventilation, and having tried it out in one or two cases, we decided to complete that work. Of course, that was not estimated for before.

The item of window grating, elevator cables, etc., is largely a matter of the overhauling of elevators, which we do every recess. If a cable shows any sign of wear, we think it is better to put in a new cable than to trust to the old one.

In connection with the next item we have installed protecting gratings on all the windows along the ground floor on the B street front.

The new fixtures for the barber shops were put in to furnish more service than they had before, a matter that had been very much complained of.

Mr. BYRNS. Let me ask you if you know to what extent that barber shop is used by Members?

Mr. WOODS. Mr. Byrns, I can not say to what extent it is used by the Members, because I have never paid much attention to it.

Mr. BYRNS. I have been under the impression that the Members are not using the barber shop or the bathrooms to any great extent. I have never used them myself, and from what I have heard that is true.

Mr. WOODS. I know they are pretty much occupied.

The CHAIRMAN. Now, you want \$18,500 for those items.

Mr. Woods. Yes. I think that about covers it, and I will file in the record a complete statement of all the details.  
(The statement referred to follows:)

## MAINTENANCE—HOUSE OFFICE BUILDING.

MAY 9, 1921.

The HOUSE OFFICE BUILDING COMMISSION,  
Washington, D. C.

GENTLEMEN: I respectfully request that I be authorized to ask for an appropriation in the sum of \$18,500 as a deficiency to the current appropriation of \$64,000 for maintenance, House Office Building. The items and reasons therefor follow:

Painting, completed to date.....	\$7, 160
Painting, estimated to June 30.....	3, 931
Total.....	<u>11, 091</u>
Partitions, transoms, doors, millwork.....	1, 408
Cratings on windows, and elevator repair work.....	1, 864
Six new fixtures, barbershop.....	305
Extra supplies formerly purchased by Chief Clerk.....	3, 051
Extraordinary roof repairs.....	505
Extra char force for cleaning.....	400
	<u>7, 533</u>
Total.....	<u>18, 624</u>

The commission will note that the principle item in the deficiency is that of painting, which is \$11,091. Under the rules governing the assignment of office room, in the advent of a new Congress, many of the senior Members of the House change their file on rooms and moving to other offices in the building. Some 200 changes of this character have been made. Any move made from one office to another usually involves the complete renovation of that room because of the change of furniture, bookcases, wall hangings, etc., which always leave their marks and it rarely happens that an incoming Member desires his furniture placed in the exact same location held by the former occupant. Again, the House Office Building has been somewhat neglected during the past four or five years, due to the desire to economize during the war period. In fact, I blame myself for overzeal in this direction. The result, however, is that a program had to be established for the renovation of the building. Opportunity was taken during the recess to paint as many of the rooms as possible and to plan out the painting of other rooms such as might be given up by Members for that purpose and to continue the work during the present fiscal year. It is a plan which appears to meet the approval of the Members occupying offices who are exercising good nature and patience in the matter. The work so far completed, comprises the rooms of 7 of the committees, 16 rooms in all and 66 office rooms. The average cost per room may be estimated safely at \$75.

The statement submitted with this letter will give full explanation in detail of the other items making up this deficiency.

Respectfully,

ELLIOTT WOODS,  
Superintendent, United States Capitol Building and Grounds.

## Items making up deficiency, 1921.

47 pairs transoms, fifth floor.....	\$598
10 letter boxes, Post Office.....	140
Partitions:	
Parker.....	\$100
Tilson.....	345
Zihlman.....	125
	<u>570</u>
1 revolving-door set.....	100
	<u>\$1, 408</u>



6 complete fixtures—basins, faucets, etc—for barber shop-----	\$305
Extraordinary repairs to roof-----	505
Extra time of charwomen to clean after moving, etc-----	400
Janitor supplies (by Chief Clerk formerly), at \$100 per month-----	\$1, 200
Toilet supplies (by Chief Clerk formerly), at \$104 per month-----	1, 248
1 refrigerator-----	285
201 dozen towels, at \$1.57½ per dozen-----	318
	<hr/>
	3, 051
Special elevator cables and governor cables on 7 elevators-----	967
Gratings, B Street windows-----	485
Elevator fronts, tracks, etc., 5 shafts-----	412
	<hr/>
	1, 864
Total-----	<hr/>
	7, 533
Painting:	
Calclmining, painting woodwork, and floors—	
First floor, 1 room-----	50
Second floor, 4 rooms, at \$52.50 each-----	210
Third floor, 2 rooms, at \$52.50 each-----	105
Fourth floor, 1 room-----	50
1 guard room-----	135
2 rooms, kitchen and dining-----	590
Miscellaneous painting-----	600
	<hr/>
	1, 740
Painting—	
First floor, 7 rooms, at \$70 each-----	490
Second floor, 14 rooms, at \$82.50 each-----	1, 155
Third floor, 14 rooms, at \$78 each-----	1, 092
Fourth floor, 19 rooms, at \$70 each-----	1, 330
6-committee rooms, at \$109 each-----	654
1 Interstate and Foreign Commerce-----	360
1 barber shop-----	339
	<hr/>
	5, 420
	<hr/>
	7, 160
Estimated to June 30—	
8 men to Apr. 30-----	479
8 men, May 1-31-----	1, 536
5 men, June 1-30-----	1, 030
Material-----	886
	<hr/>
	3, 931
Total deficiency-----	<hr/>
	18, 624

## CAPITOL POWER PLANT.

The CHAIRMAN. What else have you to submit?

Mr. WOODS. I would like to take up next the Capitol power plant. We have a deficiency there of \$18,000, \$6,000 of which is the actual expenditure made for repairs to the 36-inch water main running between the Capitol power plant and the river, about 5,000 feet distant I should say. Ever since its installation we have had more or less trouble with that 36-inch main.

The CHAIRMAN. Is it a cast-iron main?

Mr. WOODS. Yes.

The CHAIRMAN. What is the matter with it?

Mr. WOODS. The water department that make the repairs for us seem unable to give a satisfactory explanation of why these breaks occur. My judgment is, inasmuch as they occur largely in the lower section which runs down through an area of made ground, that the settlements are the causes of that.

The other items which represent unpaid bills—lamps, \$4,500; fixtures, \$5,000; and wire and material, \$2,500—are really a deficiency which while not heretofore specifically stated, generally occur in the maintenance appropriation every year. I might refer back and say that the reason these bills stand unpaid is because when the Hall of the House was painted and the skylight in the room extended, we had to make a complete revision of the electric-lighting system overhead, and that, coupled with the extensions of the plant over the porticos of the Senate and House Office Buildings, and the central part of the Capitol to give additional illumination to the front, really represents that difference.

The CHAIRMAN. Then a part of those expenditures represents the wiring of the Capitol and do not pertain to the power plant.

Mr. Woods. Yes; but that comes out of the power-plant appropriation.

MAY 9, 1921.

CAPITOL POWER PLANT.

The HOUSE OFFICE BUILDING COMMISSION,  
*House of Representatives.*

GENTLEMEN: I respectfully request that I be authorized to ask for an appropriation in the sum of \$18,000 as a deficiency for the fiscal year 1921 for the Capitol power plant.

The following items comprise the sum asked:

Pumping station and waterway-----	\$6,000
Lamps-----	4,500
Fixtures-----	5,000
Wire and material-----	2,500
	<hr/> 18,000

With the exception of the item for \$6,000, the other sums are required to pay for unpaid bills for lamps, fixtures, and material. The outstanding accounts were really caused by the fact that when the Hall of the House was painted a complete revision was made in the lighting system therein and the installation of another type of lamp which gave added illumination, also additional portico installation at the Capitol, Senate, and House Buildings.

The item of \$6,000 for pumping station and waterway is an actual expenditure for repairs to the waterway running from the Capitol power plant to the river, where the pumping station for condensing water is located. The maintenance of the waterway has been unusually heavy for the past year, due to unexpected breaks in the 36-inch supply main. It is a matter, however, which can not be anticipated, and breaks are liable to occur at any time.

Respectfully,

ELLIOTT WOODS,  
*Superintendent United States Capitol Building and Grounds.*

COLUMBIA HOSPITAL.

At the Columbia Hospital we will require, for the first time by the way, a deficiency of \$3,000 on heat, light, and power. The only reason I can give for that is the report made by the engineer at the hospital, who states that the quality of the coal they have been getting in the last year is not as good as formerly, and they have had to use more of it, and then there has been an increase in the number of patients taken care of there, with the incidental added service, and for that reason they have been compelled to operate two boilers most of the time instead of one, which they operated heretofore. In

addition to that there has been a considerable increase—about 30 per cent in the light and power bills. You understand they purchase the electric current from the outside for the operation of the elevators and the lights. I think that is about all I can say as to that item.

#### CAPITOL BUILDING AND REPAIRS.

In the item "Capitol Building and repairs" we have a deficiency of \$12,000, which is due wholly, of course, to expenses incident to the incoming of a new Congress and is composed of the following items: Painting, \$3,500, and an item of \$2,650, which is a deficiency on the marble work due to an extension of the work outside of the contract. I found after getting into the corridors that we had to replace many of the door sills or readjust them, if they were capable of being readjusted, and put in considerable black marble border, which we did not anticipate and which is really the most expensive part of the work.

The CHAIRMAN. What did the replacement of the marble floors in the Capitol Building cost?

Mr. Woods. Approximately \$47,000 all told. To complete that work, which I will take up later on and which will be work in the Hall of Columns, will cost approximately \$13,000. That is an important feature of the work and will require really a more expensive floor than the other.

The other items of deficiency are for repairs to elevators, \$784; some few iron doors we placed at various points in the cellar, \$337; a revision and installation of new plumbing, \$950. We have outstanding material bills for \$3,689. A large portion of this work was done on the Senate side—I should say about 60 per cent on the Senate side.

#### CAPITOL BUILDING AND REPAIRS—COLUMBIA HOSPITAL FOR WOMEN.

MAY 9, 1921.

Hon. JAMES W. GOOD,  
Chairman Committee on Appropriations,  
House of Representatives.

SIR: I respectfully request that the following items as set forth be inserted in the deficiency bill now before your committee:

#### Capitol Building and repairs:

Painting	\$3,500
Marble	2,650
Elevators	784
Ironwork	337
Plumbing	950
Miscellaneous bills and outstanding accounts	3,689

Total 12,000

With the exception of one item—that of marblework, \$2,650—the other expenditures have been incidental to the reassignment of rooms in the Capitol Building due to the coming in of a new Congress and to the general overhauling of the mechanical and plumbing equipment during the recess; the item for marblework, which is an excess expenditure over the contract price, was occasioned by changing the forms of some of the border work not provided for in the original contract and for putting in new washboards and sills in the various doorways where required. These were not originally estimated for.

Columbia Hospital, heat, light, and power----- \$3,000

This sum will be required to pay for heat, light, and power for the balance of the fiscal year 1921. Up to the present year we have never exceeded our appropriation of \$15,100 allotted for this purpose, but the consumption of coal (fiscal year 1921) has been unusually heavy and the electric light and power bills have been running beyond those of last year. The matter of coal may be explained by stating that the engineer at the hospital reports a poor quality of fuel received during the past year, compelling greater consumption. The increase in the electric light and power bills can only be explained on the grounds that the hospital has had an increased number of patients during the year, requiring more of this particular kind of service.

Respectfully,

ELLIOTT WOODS,

*Superintendent United States Capitol Building and Grounds.*

#### IMPROVING CAPITOL GROUNDS.

I think that covers everything, Mr. Chairman, that I have except one item. That is the question of the trees in the Capitol grounds. As you remember, I came before the committee on the sundry civil bill and, I think, I asked for \$10,000 with another item for improvement of walks and trees in the Capitol grounds. As a result I received about \$10,000 more on the Capitol grounds appropriation with really no specific declaration on the part of the committee as to what that was to be used for. So I assumed that it was to be placed where most needed. After the 1st of July I figured on replacing at least two of the main walks that needed to be replaced. It has been brought to my attention that the condition of the trees in the Capitol grounds is bad. I have resolved to take about one-half of the extra \$10,000 and put it into tree service next fall. A few days ago an expert of the Davey Co. was here and I asked him to look over the grounds and make a report on the trees, a copy of which I will file with these letters. I think it is advisable to take advantage of the growing weather between this and the middle of July and to put in, say, \$5,000 worth of work on the trees.

Mr. BUCHANAN. Would not that consist principally in fertilizer, according to the report?

Mr. WOODS. Yes, sir; and that ought to be done at once. Of course, they tell me that it is going to take \$25,000 to put the Capitol grounds trees in proper shape and that the \$10,000 ought to be spent now, during this growing weather, but I can not see how we can spend \$10,000 between this and the 1st of July. I am perfectly willing to back my judgment and to ask for \$5,000, which, I think, is a reasonable figure. It will pay for those things that we can not carry over.

The CHAIRMAN. We have a very extensive Department of Agriculture and Bureau of Forestry. Is it necessary for you to go outside to get additional experts?

Mr. WOODS. You mean for advice, Mr. Chairman?

The CHAIRMAN. Advice as to what kind of fertilizer you will need and how to apply it and also with regard to the work on the trees, is there no one in the Bureau of Forestry who knows about the treatment of trees?

Mr. WOODS. I will say, Mr. Chairman, that it was not necessary to do this; it was only an incident of my examination of the subject, but whenever necessary we have always consulted with these folks in the department. This report simply bears out what everybody else ad-

vises. I might add that the Department of Agriculture has rendered us great service in the past.

The CHAIRMAN. Are you not in a little different position, Mr. Woods, from the ordinary private citizen? He has no Bureau of Forestry; he has no skilled chemist who can analyze the soil and tell him what it needs; and, as he has ample funds, he goes out and gets the service performed; is not that true to a certain extent?

Mr. Woods. That is quite true.

The CHAIRMAN. Here we have all of that service, so far as we require advice. If we gave you authority to use \$5,000 of the \$10,000, do you want \$5,000 additional, or have you authority to use \$5,000 of the appropriation carried in the sundry civil bill?

Mr. Woods. I want \$5,000 deficiency on this year, so that I can immediately start in between this and the 1st of July and take advantage of this weather.

#### IMPROVING CAPITOL GROUNDS—TREES.

MAY 9, 1921.

HON. JAMES W. GOOD,

*Chairman Committee on Appropriations,  
House of Representatives.*

SIR: When I was before your committee during the consideration of the sundry civil bill I asked, among other items submitted, the sum of \$5,000 for the improvement of the tree conditions in the Capitol Grounds. I stated I would like to have \$10,000, but would be content if I could obtain \$5,000. The result of the deliberations before the committee, as I remember it was to drop the appropriation for tree work for the more important work to be done in the Capitol Building. I find, however, that the matter should have been pressed before the committee, and I regret that I did not do it. It is true that the committee did provide me with additional funds for the Capitol Grounds for the improvement of the sidewalks or such portions of them as I could arrange for with the sum given. As I consider the work very important, I take the liberty of asking for deficiency funds to undertake restoration work on the trees immediately. In this connection I desire to state that through the courtesy of the Davey Tree Expert Co., their Mr. C. M. Sherer gave us sufficient of his time to thoroughly investigate the condition of the trees in the grounds and his report is appended hereto. The work which he advises me ought to be done and done now is the treatment of the tree roots. The character of this work would receive favorable weather conditions at this period of the year, more so, in my judgment, than in the fall of the year.

As I have no funds in the existing appropriation out of which to pay for this special work, I respectfully request that the sum of \$5,000 be provided. The recommendation made to me is in excess of this amount. In fact, I have been informed that there should be spent for the total completion of the work the sum of \$25,000, but I believe much good can be done by the proper and careful expenditure of \$5,000, with the understanding that if the improvements warrant additional sums will be asked for hereafter.

Respectfully,

ELLIOTT WOODS,  
*Superintendent Capitol Building and Grounds.*

WASHINGTON, D. C., May 3, 1921.

Mr. ELLIOTT WOODS,

*Superintendent Capitol Building and Grounds,  
Washington, D. C.*

DEAR SIR: Following out your recent suggestion to our Mr. Davey, I have made a careful examination of the trees on the Capitol Grounds in Washington, D. C., and have found the conditions as follows:

The trees have been under what one might call civilized or lawn conditions for a number of years. This means they have been removed from their natural habitat, with all the attendant handicaps. The natural forest floor

has been destroyed. All the leaves, twigs, and other débris—which formerly fell to the ground, decayed, and added to the soil a part, at least, of the materials which were taken up and used during the summer and at the same time brought into the soil composition a large, beneficial amount of organic matter—are now raked up and destroyed. This has made the obtaining of food by the trees so difficult that they are gradually going back. In some cases little evidence of the trouble is noticeable, in others it is quite apparent, and in many positively serious. The symptoms which indicate the extent to which the starvation has progressed are such as numerous dead and dying twigs; thin, small, and off-colored foliage; small buds and a gradual decreasing yearly growth of the twigs.

There are some few insect pests present. However, these have not progressed to the point where they are a real serious menace to the health of the trees.

There are a few fungous diseases present; likewise these are not yet serious. The general exterior appearance of the trees indicates that they have had excellent care as far as this is possible with ordinary help and equipment. This general condition is subject to special commendation.

However, many wounds are present which need attention; some of them have started to decay, while others are still fresh but have not been given the proper prophylactic treatment to prevent future decay.

I recommend, therefore, that special effort be put forth to take care primarily of the feeding of the trees. Trees, as you know, are plants and are subject to the same laws as any other living being. Anyone would consider a farmer as very impractical who tried to grow a crop, such as corn, on the same soil over a period of, we will say, 50 years without ever applying a fertilizer, without ever tilling the soil, and at the same time taking off every year the crop and allowing the weeds to grow. In the case of the trees, they have one of the keenest competitors in the world, the grass, which makes an almost air and water tight covering over the roots.

The trees need primarily for the development of beautiful and healthy foliage an abundant supply of nitrogen. This element, together with potassium and phosphorus, make up the group of necessary plant foods which are ordinarily the limiting factors in plant development. The nitrogen can be supplied by applying such substances as manure, dried blood, tankage, the various vegetable meals, nitrate of soda, and sulphate of ammonia. The potassium ordinarily exists in sufficient quantities for the trees if it can only be made available. The addition of such organic substances as those mentioned above, together with a certain amount of cultivation, usually unlocks the soil storehouse of potassium. In the interim it is well to put in a small amount of muriate of potash or sulphate of potash for the immediate need. The phosphorus can be supplied by such substances as ground bone, acid phosphate, and raw rock phosphate.

The time to apply these different substances is now during the growing season. If the treatment is put off until later, say, during July and August, there is great danger of forcing a late growth in the trees which will not mature before cold weather, and consequently will winterkill.

A large amount of pruning should next be done in order to remove the dead and dying branches, which are a positive menace to the health of the trees and will continue to be so until a high vitality is produced by the proper feeding. But this pruning, while important, would be partly useless until the trees are properly fed and their vigor reestablished, so that the dying-back process can be largely eliminated.

The next consideration would be the treatment of all wounds and decayed places in a manner somewhat similar to that used by dentists in treating a decayed tooth.

Owing to the fact that some of the trees have received a considerable amount of attention during the past, they have not deteriorated as rapidly as they otherwise would. The existence of decay is a constant and increasing threat to the life of the tree. Decay finally destroys the tree just as surely as the sun rises and sets.

I believe this report will make clear to you the need for immediate action to supply the trees with the necessary aid to make it possible for them to long continue in the service which they are rendering.

Very sincerely, yours,

THE DAVEY TREE EXPERT CO.,  
C. M. SHERER, *Pathologist*.

SATURDAY, MAY 7, 1921.

## SUPREME COURT OF THE UNITED STATES.

## STATEMENT OF MR. JAMES D. MAHER, CLERK.

## PRINTING AND BINDING.

The CHAIRMAN. Mr. Maher, you are asking for a deficiency of \$6,000 for printing and binding for the Supreme Court of the United States?

Mr. MAHER. Yes, sir.

The CHAIRMAN. Is your appropriation exhausted?

Mr. MAHER. I think it is at this time.

The CHAIRMAN. How does it come that it is costing \$6,000 more than formerly to do the printing for the Supreme Court?

Mr. MAHER. Well, I think we now have a little more work. The principal thing for which this appropriation is required is to pay the printing bills for opinions delivered by the court, which, I think, cost a little more at this time than heretofore. Going on the basis of what they cost last year, the fact that the Public Printer informed me on the 1st of April that we had only about \$3,000 left, the fact that that has been exhausted in all probability by this time, and that the bill for printing the opinions of the last term amounted to a little over \$10,000, the Chief Justice fixed the sum at \$6,000. The Printer estimated that in all probability that would cover the bill for the rest of the term.

The CHAIRMAN. Do you think that it will take all of that amount?

Mr. MAHER. Yes, sir. There may be a few hundred dollars remaining.

The CHAIRMAN. Has the number of bills increased during this term?

Mr. MAHER. I think so.

The CHAIRMAN. The cost has increased?

Mr. MAHER. The cost, I think, is about the same.

The CHAIRMAN. You had \$15,000 last year and \$15,000 this year; the increase seems to be quite considerable.

Mr. MAHER. We print several things out of the allotment. Out of the total sum appropriated for printing of \$15,000 we print all the transcripts of records on appeals taken by the United States. That is not a proper charge against our allotment, but it has grown up—it started a good many years ago. It really ought to be a charge against the Department of Justice.

The CHAIRMAN. Has that work increased in price?

Mr. MAHER. Yes, sir.

The CHAIRMAN. And in volume?

Mr. MAHER. Yes, sir.

The CHAIRMAN. Of course, this is work which must be done. You have gone over the matter with the court, and it is the opinion of the court that you will require this amount?

Mr. MAHER. I went over it with the Chief Justice, who is the executive of the court. He addressed a communication, on my representation, to the Secretary of the Treasury asking for \$6,000. That

is based on an estimate of the printer who prints the opinions. Of course, they are printed by a private printer, as provided by law, and the printer stated that \$6,000, judging from previous terms, would cover the balance of this term.

SATURDAY, MAY 7, 1921.

GOVERNMENT PRINTING OFFICE.

OFFICE OF SUPERINTENDENT OF DOCUMENTS.

STATEMENT OF MR. A. P. TISDEL, ACTING SUPERINTENDENT OF DOCUMENTS.

FOR FURNITURE, FIXTURES, LIGHT, HEAT, ETC.

The CHAIRMAN. You are asking for the office of superintendent of documents \$7,500 deficiency for this year for furniture, fixtures, etc. You had an appropriation all told of \$175,000. What is the state of your balance?

Mr. TISDEL. The \$7,500 asked for is in addition to the \$10,000 which has been already granted to the appropriation of \$39,000 for the general expenses as outlined in the bill. The condition of this appropriation is that at the end of the nine months we have remaining \$5,878.49.

The CHAIRMAN. When was that?

Mr. TISDEL. At the end of the nine months, leaving three months still to run. The monthly average for the first nine months has been \$4,647.53, which, continued on the same basis for the remaining three months, would create a deficiency of a little over \$8,000.

The CHAIRMAN. What is this appropriation largely expended for?

Mr. TISDEL. The expenditures are for light, heat, and power; repairs to the building and for buying various supplies, such as glue, paper, twine, material necessary for the mailing of publications that are distributed to libraries and by sales.

The CHAIRMAN. Is there very much expended for furniture?

Mr. TISDEL. No; very little. There has only been expended in the first nine months a little over \$1,100, the greater part of which was for typewriters.

The CHAIRMAN. And furniture of all kinds?

Mr. TISDEL. Yes, sir; desks, chairs, and things of that sort.

The CHAIRMAN. When you were before the committee, as I recall, we gave you practically all you asked?

Mr. TISDEL. Yes, sir.

The CHAIRMAN. That was for wrappers for the Congressional Record?

Mr. TISDEL. Yes, sir. At that time we did not figure on the increased cost for light, heat, and power for the building, due to a change made in the method of figuring the cost. They now figure on the cost of so much per cubic foot and the number of feet actually occupied by the office, with the result it costs us between \$300 and \$400



more a month for light, heat, and power than we had been in the habit of paying. We had no specific information from the Buildings Division or from the Public Printer as to the increased cost.

The CHAIRMAN. Do you get light, heat, and power from the Public Printer?

Mr. TISDEL. Yes, sir; we have to pay for it. We figure about \$2,500 more will be required than we had figured on just for that one item during the year.

The CHAIRMAN. \$2,500?

#### PRICE LISTS AND STENCILS.

Mr. TISDEL. Yes, sir. The next item is that the increased demand for publications and information regarding publications has exhausted our price lists that are used in answering inquiries. A party will write to the office for information on a certain subject and instead of typewriting a long list of publications pertaining to that subject we will send a marked price list, which answers the same purpose. We figure that we need about \$2,000 more for the balance of the year for price lists.

The CHAIRMAN. We have heard some complaint in regard to the expense of the price list, that it was printed on expensive paper, and so forth?

Mr. TISDEL. We use just the ordinary print paper for our price list.

The CHAIRMAN. Suppose you get a demand for a certain publication, do you send a price list of all the publications?

Mr. TISDEL. No. If we get a request for a certain publication, we just write the price on the letter, and if he wants the publication he must return the letter to the office, as no record is made of the transaction.

Another item of expense is for stencils. There is a movement in the departments, especially in the Agricultural Department, to consolidate their mailing lists, which will require 1,000,000 stencils. The Farm Loan Board of the Treasury has requested a mailing list to be cut of 135,000 names. These stencils cost at the present time about \$10.65 per thousand.

The CHAIRMAN. Do they not furnish them?

Mr. TISDEL. No.

The CHAIRMAN. Why not?

Mr. TISDEL. The law requires that all expense incurred shall be met by the Public Printer.

The CHAIRMAN. What do the stencils cost?

Mr. TISDEL. They cost \$10.65 a thousand. In addition, we are now working on a mailing list for the Postal Guide, which will be printed for the first time in the Government Printing Office, and the July issue, 1921, and all supplements thereafter will require a mailing list of about 57,000.

The CHAIRMAN. That is just for the mailing list?

Mr. TISDEL. Yes, sir. That is to cover all the post offices in the country. Heretofore they have been mailed by the contractors, Lyons & Co., of Albany.

The CHAIRMAN. How much will that cost?

Mr. TISDEL. We have estimated about \$2,500 for stencils.

The CHAIRMAN. Then, there is \$500 additional?

Mr. TISDEL. That is to cover any unforeseen expense that might come up.

The CHAIRMAN. Will you be able to do this work for which you are asking the money during the month of June—you are not likely to get the appropriation before the 1st of June?

Mr. TISDEL. We ought to buy immediately 100,000 stencils for the work that we are now starting on, and, besides, the contract that the Public Printer will enter into with the Post Office Department will call for delivery by July 25, so that the work of preparing the mailing list can not be held over until after July 1.

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SATURDAY, MAY 7, 1921.

### THE PANAMA CANAL.

#### STATEMENT OF MR. A. L. FLINT, GENERAL PURCHASING OFFICER AND CHIEF OF OFFICE.

##### BONUS TO SCHOOL-TEACHERS.

The CHAIRMAN. For the civil government of the Panama Canal Zone you are asking a deficiency appropriation of \$12,150, and you are asking for the following new language:

• Including payment to employees of the school division of a sum corresponding to one-half of the bonus paid to school employees of the District of Columbia?

Is this deficiency of \$12,150 necessary in order to pay the bonus?

Mr. FLINT. Yes, sir; it is necessary to pay the bonus to those school-teachers, who are the only class of employees not now getting the benefit of the first half of the bonus.

The CHAIRMAN. I understood from the statement made by the governor when he was here that none of the employees would get the bonus.

Mr. FLINT. I do not so understand it, and I do not think the governor did. His testimony shows that he was discussing the question of whether they should be paid the additional half bonus. They have been paying right along to all the employees the \$10 bonus. When it was increased they did not have enough money to pay the civil government employees, but thereafter a deficiency estimate was submitted to cover that second half for the civil government, and that raised the question of whether it should be paid to any of the employees.

The CHAIRMAN. These school-teachers receive half of the bonus?

Mr. FLINT. No sir; There is not enough money to pay these school-teachers half the bonus. The school-teachers are the only ones not getting the half bonus.

The CHAIRMAN. Do you mean the \$10?

Mr. FLINT. Yes; plus the 25 per cent. On the Isthmus the bonus is the fixed pay plus 25 per cent. There is not enough money to pay teachers for this year, whereas all the other employees whose posi-

tions correspond to those to which bonuses are paid in the United States are getting the first half of the bonus.

The CHAIRMAN. How many persons are involved?

Mr. FLINT. I think about 82 teachers.

Mr. BYRNS. What is the average salary?

Mr. FLINT. That is shown in this House Document No. 926, Sixty-sixth Congress, third session. The salaries range from \$166.67 the first year up to \$186.67 for the fifth year.

Mr. BYRNS. Does that include the 25 per cent?

Mr. FLINT. Yes, sir; but not this bonus; \$12.50 would be added to those salaries if this appropriation is made.

The CHAIRMAN. I wish you would put in the record the tabulation shown on page 5 of the document you have referred to.

Mr. FLINT. I will do so.

*Detail of revised estimate for salaries of civil government employees, school division, fiscal year 1921.*

	Number.	Present rate and amount.	Rate, including bonus, also revised estimates.	District of Columbia base pay plus 25 per cent.
Superintendent of schools.....	1	\$385.00		
Assistant to superintendent of schools for upper grades and high schools and all grades colored schools (fourth year).....	1	271.66	\$307.77	\$307.77
Assistant to superintendent of schools for lower grades white schools (fifth year).....	1	250.41	294.62	294.62
High-school principal, Balboa (9 months) (first year).....	1	210.41	279.62	254.62
High-school principal, Cristobal (9 months) (first year).....	1	200.27	273.89	240.55
Teacher, high school (9 months) fifth year.....	1	199.72	273.33	240.00
Teacher, high school (9 months) (fourth year).....	1	189.72	263.33	230.00
Teacher, high school (9 months) (third year).....		179.72	253.33	220.00
Teachers, high school (9 months) (second year).....	4	169.72	243.33	210.00
Teachers, high school (9 months) (first year).....	8	159.72	233.33	200.00
Teachers, grade (9 months) (fifth year).....	11	160.27	220.00	185.67
Teachers, grade (9 months) (fourth year).....	3	155.27	215.00	181.67
Teachers, grade (9 months) (third year).....	8	150.27	210.00	176.67
Teachers, grade (9 months) (second year).....	17	145.27	205.00	171.67
Teachers, grade (9 months) (first year).....	24	140.27	200.00	166.67
Teacher, writing (9 months) (second year).....	1	169.72	243.33	210.00
Teacher, music (9 months) (first year).....	1	159.72	233.33	200.00
Trained assistants (9 months).....	2	50.00		
Extra pay for teachers of white schools (7) acting as principals of schools (5), and line teachers (2).....		15.00-90.00		
Colored teachers.....	24	77.50		
Extra pay for teachers of colored schools (6) acting as principals of schools (9 months).....		2.50		
	110	143,000.00	189,960.00	165,650.00

The CHAIRMAN. You have not money enough in the appropriation of \$924,670 to pay the bonus, and that is the reason you are asking for this amount?

Mr. FLINT. Yes, sir.

The CHAIRMAN. It will take more than \$12,150 to pay the bonus, will it not?

Mr. FLINT. Not to the school-teachers who are entitled to it under this. That is one-half of the bonus.

MONDAY, MAY 2, 1921.

## FOR RELIEF OF TORNADO SUFFERERS.

**STATEMENTS OF HON. OTIS WINGO, HON. TILMAN B. PARKS, REPRESENTATIVES IN CONGRESS FROM THE STATE OF ARKANSAS, AND HON. J. E. RANKIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MISSISSIPPI.**

The CHAIRMAN. Do you wish to make a statement with regard to House joint resolution 88?

Mr. WINGO. Mr. Chairman, the basis for this bill is to provide a special appropriation to the Department of Agriculture so that it can purchase seed to furnish to the farmers in the devastated area of Arkansas, Texas, and Mississippi and in other States that recently suffered from a tornado and flood. This resolution is introduced because the seed supply down at the Department of Agriculture is exhausted and this is the only way by which they can get seed for this purpose.

I do not recall right now the date of the tornado, but you doubtless noticed accounts of it in the papers. It was a terrible tornado and swept over quite an area down there and there were about 500 families in two counties in Arkansas alone that had practically everything they had swept away—buildings, stock, furnishings, fences, and everything. They are in a destitute condition. On top of that, floods came along a few days ago in that same territory and have worked great havoc.

The Red Cross has gone down there and they are doing the best they can. The citizens in that territory have raised over \$100,000—or about \$100,000—to try to take care of the repairing of fences and rebuilding of houses and the furnishing of food and clothing to the families in this devastated area. They have appealed to us to get the field seed, as set out in the resolution.

I have a letter here from the Secretary of Agriculture, addressed to Mr. Parks, a portion of which I would like to read:

Reference is made to your recent visit to the department in connection with the damage done by storms in Oklahoma, Arkansas, and Texas recently.

In so far as the destruction of planted crops and the need for seed for replanting is concerned, such information as has reached this department from persons in that territory, including the department representatives there, indicates that apparently the heaviest crop damage occurred in Hempstead and Miller Counties, Ark., with some damage in near-by Texas counties, particularly Bowie and Cass counties.

The best information obtainable indicates that approximately 500 families may be in need of such seed as cotton, corn, cowpeas, peanuts, and sorghum for replanting the acreage destroyed on some 15,000 acres of land. The department has no suitable seed available at this time, nor funds with which to purchase such seed.

Should the Congress decide that the emergency is of a nature beyond the capacity of State and local relief to cope with, it would appear that an appropriation of \$7,500 would be necessary to meet the needs. Should Congress appropriate funds for this purpose the department is in position to promptly purchase the seed and accomplish the distribution.

He got this information by wire from different representatives down there and from reports furnished him by the Red Cross and other agencies. The load is heavier, I believe, than the local people

down there are going to be able to handle, and this one measure of assistance is very material.

While this letter is directed principally to those two counties where the principal damage occurred, the last tornado in Mississippi was very severe, so that this really affects five States. They are in a desperate condition because, financially, they were nearly all broke in that part of the country before this trouble came along. The States are doing everything they can in the way of furnishing tents and other equipment, and also furnishing them with food and shelter, and the Red Cross is doing what it can, and, as I have said, the local citizens have raised a fund of approximately \$100,000; but it will require an enormous amount to rebuild the homes and furnish these people with clothing and to refence their places and reseed their lands. This tornado simply swept things clean and destroyed everything in its path.

The CHAIRMAN. When is the planting season for these crops?

Mr. WINGO. The planting season is right now, and we need quick action. In other words, we have got to get this relief within the next few days. If we do not, it will be worthless. The Agricultural Department is prepared to purchase and distribute this seed immediately if they get the authority under this resolution.

The CHAIRMAN. The estimate of the Department of Agriculture of the cost is \$7,500.

Mr. WINGO. That was for these two counties alone. The resolution, as I understand it, calls for \$50,000. I think \$7,500 would be entirely too little to take care of the needs. I think we ought to take care of the situation in Mississippi, and Texas, and other parts of the country. He did not get any report or make any investigation up in Yell County, and there was quite a great deal of devastation there. That is up in Mr. Jacoway's district. Then further up in my district, in Pike County, there was a great deal of damage and this letter does not call attention to that.

Mr. Langley, who was here a day or two ago, a very reputable man, who was your nominee for Attorney General and who has just been appointed district attorney, said that he had never seen anything like the destitution of the people out there and he appealed to me very strongly and told me that they needed every help they can get. The legislature is not now in session and can not be convened.

Mr. BUCHANAN. Has your legislature authority under the State constitution to come to the rescue?

Mr. WINGO. I do not recall. When they have been in session they have taken care of local distress, but the legislature is not in session.

Mr. BYRNS. And only meets every two years?

Mr. WINGO. Every two years, and the people of the State have been against extra sessions of the legislature. The legislature has just adjourned, and the financial situation of the State is so bad that the governor would not dare call an extra session, because it would cost from \$50,000 to \$60,000 to get the legislature in session there for a few days. The citizens have gone the limit and have applied for outside aid.

There is a message here from the governor, and I have also heard from all these other agencies, and from representatives of the board

of trade in Texarkana. I have not those messages with me, because the Secretary of Agriculture wanted to know about the situation down there, but they showed there were 85 families in one community that were absolutely destitute. In some of the communities, especially where it hit negro settlements, conditions are especially bad, because they were poor to start with and had exhausted all their credit and everything else in order to get supplies.

The CHAIRMAN. As a rule, do not the landlords furnish the seed in these cases?

Mr. WINGO. No; only in certain instances, but the landlords are broke. There is plenty of land down there that they would be glad to turn over to you if you would cultivate it.

Mr. BUCHANAN. What percentage of the tenants in your State work on the halves where the landlord furnishes the teams and the seed?

Mr. WINGO. Not many of them.

Mr. BUCHANAN. A good many of them do that in my State.

Mr. WINGO. I know that custom is more prevalent in your State. They work a great deal in my State on one-third and one-fourth, and then we have a great deal of cash rent. That is the case in my district, and Mr. Parks can speak with reference to the situation in his section of the State.

Mr. PARKS. That is also true in my district.

Mr. BUCHANAN. Mr. Wingo, is it your idea that if we should pass this bill it should follow the form of the bill that passed in reference to one of the Western States, and that we should take a lien on the crop for the money advanced?

Mr. WINGO. No; that is the only case where we have done that. The precedents for this are numerous, covering relief granted all over this country and all over the world, in Italy, China, and everywhere else. We gave the sufferers from the famine in China \$50,000.

Mr. BUCHANAN. I am familiar with the precedents and have reviewed all those things.

Mr. WINGO. And, also, heretofore when we have passed bills like this to relieve people from floods and drought and tornadoes, they have always carried a sum a great deal larger than this.

Mr. BUCHANAN. I am familiar with all the precedents, and tried to get an appropriation for—

Mr. WINGO (interposing). Here is a practical objection to that. They can not afford to undertake to tie up everything they have simply for the seeding proposition. They have got to have supplies to run them for 8 or 9 or 10 months.

Mr. BUCHANAN. The more practical objection is the cost and the amount of cotton seed involved, and it is now too late to plant corn.

Mr. WINGO. It is not too late to plant corn now.

Mr. BUCHANAN. It is too late to plant corn in my section.

Mr. WINGO. Yes; but it is not too late down there.

Mr. SLEMP. Mr. Wingo, are any other States here demanding this relief?

Mr. WINGO. Yes; Mr. Rankin is here from Mississippi.

Mr. PARKS. And Mr. Wilson talked to me about Louisiana this morning. I told him this resolution was drawn so that if their needs came up, they might be included in the resolution if the Agricultural Department thought it necessary.

Mr. WINGO. This covers any of the States and is left to the discretion of the Agricultural Department.

Mr. SLEMP. It is left to the discretion of the department and they could spend it all in Mississippi or in Arkansas.

Mr. WINGO. No; it covers all the States and names two States and then says, "and other States."

Mr. SLEMP. It just names Arkansas and other States.

Mr. WINGO. The resolution was introduced by Mr. Parks, and of course, the object is to make it take care of the sufferers referred to in the resolution.

Mr. SLEMP. What I had in mind was that on account of the lateness of the season they probably could not go farther South and it really would be confined mostly to Arkansas.

Mr. WINGO. Arkansas and northern Texas. You understand that Miller County is the county in which Texarkana, Ark., is situated, and Texarkana, Tex., is in Bowie County; then Hempstead County, the other county referred to, where really the greatest damage was done in Arkansas, is the one right north on the Iron Mountain Railway, Mr. Park's home county. The county seat is at Washington, but he is at the large railroad town of Hope. Pike County lies to the west of his home county and then Yell County is way up in Mr. Jacoway's district.

Mr. BUCHANAN. When do these people plant their cotton and corn?

Mr. PARKS. Most of it had already been planted. The 10th day of April is the last day when every man is expected to have his cotton in the ground, but, of course, they do not always do that. They have planted a cotton crop as late as the 1st of June, but that was 25 years ago before the day of the boll weevil. If this is not done within, say, the next two weeks it will be useless to plant a crop. They could cultivate it and mature the crop if it was not for the boll weevil. Twenty-five years ago we raised our cotton crop in August, now we have to raise it in July, by early and quick cultivation, because the boll weevil comes along in August, and you do not get anything more after the 1st of August. The local oil mills have furnished all the seed they have and have contributed throughout the State as much as \$100,000 in money, and everybody has given all their surplus clothing and all the food they could possibly give, and from what I gather now the situation is that unless they can get some additional help purely for seed, a great deal of that land will go uncultivated this year, and that is the reason they asked me to present this resolution, and while they estimate the cost for these two counties at \$7,500, I imagine it will come nearer being \$12,000 or \$15,000 to get the seed, because they are going to have to move it from some distance to get it there, and I think it is going to cost more than they anticipate.

Mr. WINGO. I think we ought to take care of all the territory and that we ought to have at least \$25,000.

The CHAIRMAN. What is the situation down in your district, Mr. Rankin?

Mr. RANKIN. We have two counties covered by it.

The CHAIRMAN. What counties?

Mr. RANKIN. Lowndes and Monroe.

The CHAIRMAN. What do you raise there?

Mr. RANKIN. Corn and cotton and alfalfa.

The CHAIRMAN. Has your alfalfa been planted?

Mr. RANKIN. I do not think we could use alfalfa now. The fact is that the section of the country covered by this cyclone is costly outside of the alfalfa belt.

Mr. BUCHANAN. It is too late to plant alfalfa now.

Mr. RANKIN. Yes.

The CHAIRMAN. How about the cotton in your section?

Mr. RANKIN. Like Mr. Parks said, after the middle of May it is useless to plant cotton in my State, because the boll weevil will get it. Unless it begins to bloom early in July you will not make much cotton.

The CHAIRMAN. Then, you are confined largely to corn and cow-peas and things of that kind?

Mr. RANKIN. Yes, sir. I have been urging those people down there to cut down the cotton acreage, and would be glad to see them replant in corn.

The CHAIRMAN. When do you plant your corn?

Mr. RANKIN. We can plant corn in my district as late as the 1st of June.

The CHAIRMAN. How severe was this storm in your district, so far as destruction is concerned?

Mr. RANKIN. It was pretty bad. They telegraphed me from Columbus, Miss., and said that these people were homeless and had no place to stay, and I got in touch with the War Department and they investigated the matter and shipped tents in there for these people to live in. The Adjutant General telegraphed Gen. Morrison in Atlanta and had a lot of tents shipped in there for these people to live in. Here are the telegrams I received from the Red Cross and the Chamber of Commerce at Columbus:

COLUMBUS, MISS., April 21, 1921—11 a. m.

Hon. J. E. RANKIN, Member Congress,  
Washington, D. C.:

With reference to storm victims, conservative estimate total damage this section \$250,000. One hundred homes swept away, stock killed, crops destroyed; families need everything. Are assisting all we can, but need additional funds. An appropriation for this section of \$10,000 to \$50,000 would be conservative.

W. N. PUCKETT, *Chairman Red Cross.*

COLUMBUS, MISS., April 18, 1921.

Hon. J. E. RANKIN,  
House of Representatives, Washington, D. C.:

Won't you see War Department officials and ascertain if 25 tents can be furnished us immediately for temporary housing cyclone victims. Answer.

CHAMBER OF COMMERCE AND RED CROSS.

Mr. WINGO. That, gentlemen, is the situation and is just such a situation as you would find anywhere under a tornado, and the one matter that I want to direct to your attention is that the flood which hit us a few days ago simply accentuated what was a very bad situation and simply washed everything away.



THURSDAY, MAY 12, 1921.

## PRINTING AND BINDING, TREASURY DEPARTMENT.

## STATEMENT OF MR. JOHN S. MILLS, ASSISTANT CHIEF.

The CHAIRMAN. For printing and binding in the Treasury Department, you are asking a deficiency appropriation of \$110,000.

Mr. MILLS. Yes, sir.

The CHAIRMAN. Including printing required by the Federal farm loan act.

Mr. MILLS. Yes, sir.

The CHAIRMAN. You have an appropriation for this year of \$600,000.

Mr. MILLS. Yes, sir.

The CHAIRMAN. What is the state of your balance?

Mr. MILLS. I will give the expenditures: The cost of completed work to April 30, 1921, was \$544,000, and the cost of work which has been estimated on but not completed is \$73,000, making a total of \$617,000 for the 10 elapsed months. That is shown by the statement I hand you.

The CHAIRMAN. Your estimate for the year was \$632,500.

Mr. MILLS. Yes, sir; that was the estimate, but you gave us only \$600,000.

The CHAIRMAN. Why should you need \$110,000 additional, when your total estimate for the year was \$632,500?

Mr. MILLS. Because of the increased expenditures, due to the increased cost of paper and labor, and to the natural increase in the business of the department. That increase is reflected, of course, by the war conditions. This does not affect the reimbursable amount, but it affects the general business of the department.

## RECEIPTS FROM SALE OF CUSTOMS FORMS.

The CHAIRMAN. You have some receipts from the sale of customs forms?

Mr. MILLS. Yes, sir; about \$2,000 per month.

The CHAIRMAN. Is that a revolving fund that you can use, or does it go back into the Treasury?

Mr. MILLS. That goes to the credit of the appropriation for printing and binding.

The CHAIRMAN. Will it be necessary to do as much in the next few months, or in the last two months of the year?

Mr. MILLS. Hardly, I think; and my statement there will show that that is the case. However, we have made a very conservative estimate, and you will find that the figures I have given you there correspond practically with the letter that we have submitted in the document.

The CHAIRMAN. This bill is not likely to become a law before the 1st of June, and you could not spend \$110,000 in the last month of the year, could you, if you had it?

Mr. MILLS. Not if you put it off until the last part of June.

The CHAIRMAN. I mean if the bill becomes a law in the first part of June.

Mr. MILLS. We would spend very nearly all of it.

The CHAIRMAN. Is this just for printing and binding?

Mr. MILLS. It is for printing and binding only.

The CHAIRMAN. That is for all the department?

Mr. MILLS. For all the Treasury service; yes, sir. When I say the Treasury service, I mean that part of the Treasury service that is not reimbursable.

The CHAIRMAN. Are you accumulating a considerable surplus by this appropriation?

Mr. MILLS. No, sir. The only accumulation that we have is stock that we keep for the outside customs service, but that is not excessive. It is kept down very close.

The CHAIRMAN. How much of this is for printing customs forms, or is any of it for that purpose?

Mr. MILLS. Yes, sir; customs forms are printed from this.

The CHAIRMAN. I mean this deficiency that you are asking for.

Mr. MILLS. Yes, sir; it will be used for printing customs forms.

The CHAIRMAN. Will very much of it be used for that purpose?

Mr. MILLS. Yes, sir; a considerable portion of it. I can not give the exact proportion.

The CHAIRMAN. In what service are you short now with respect to printing and binding?

Mr. MILLS. I can not give you the exact figures, but there is a general shortage all around.

The CHAIRMAN. If we did not give you anything, you could run until the end of the year?

Mr. MILLS. No, sir.

The CHAIRMAN. Why not?

Mr. MILLS. Because we have not the money and we have not the credit.

The CHAIRMAN. You told us that last year, but we were delayed in passing the bill and I was surprised to see how well you got along without any printing and binding at all for a few months.

Mr. MILLS. If you had seen the expedients that we had to resort to, such as using blanks that had been returned to us, you would have seen what difficulty we were in. We did not have the money, and they were writing us letters telling us what they thought of a Government that would make use of such paper. We used all kinds of expedients.

The CHAIRMAN. And I suppose some of those same persons would write to Congressmen complaining because they made the expenditures so large that it was necessary to levy heavy taxes to pay them.

Mr. MILLS. That is the absolute fact. We had a fire down there——

The CHAIRMAN (interposing). We took care of the fire.

Mr. MILLS. We had a fire down there and we used those burned or singed blanks.

The CHAIRMAN. Because of that fire you got a deficiency of \$625,000. That was a large item.

Mr. MILLS. We could not use it. We turned in more than \$150,000 of it last year.

The CHAIRMAN. You did not use all of it?

Mr. MILLS. No, sir; we turned in \$167,327 of it because we did not have the time to use it.

The CHAIRMAN. You would not have the time to use all of this, if we appropriated it.

Mr. MILLS. We have two full months.

The CHAIRMAN. No.

Mr. MILLS. That depends on when you pass the bill.

The CHAIRMAN. You would not have two full months even if the bill passed this afternoon.

Mr. MILLS. We would have a month and a half.

The CHAIRMAN. With the bill, in all probability, not becoming a law before the 1st of June, you could not spend more than \$60,000, could you?

Mr. MILLS. We should spend \$65,000 or \$70,000, according to the average. That statement shows the average.

The CHAIRMAN. It is \$61,700. You could not spend much more than the monthly rate judiciously.

Mr. MILLS. If you did not pass the bill until June, of course we could not do it.

*Printing and binding, Treasury Department.*

Estimate for fiscal year 1921.....	\$632, 500
Treasury allotment of appropriation for printing and binding, 1921.....	600, 000
Estimated receipts for 1921 from sale of customs forms, averaging \$2,000 a month, approximately.....	24, 000
Total credit for fiscal year 1921.....	624, 000
Expenditures:	
Cost of completed work to April 30, 1921.....	\$544, 000
Cost of work which has been estimated on but not completed..	73, 000
Total for the 10 elapsed months of year.....	617, 000
Average monthly expenditure at this rate.....	61, 700
Average annual expenditure at this rate (12 months).....	740, 400
Excess of expenditures over receipts.....	116, 400

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